FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,267 Friday September 12 1980 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 40; SPAIN Pts 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

Steel wins NATO debate

Liberal leader David Steel's attempt to stop the party supporting a defence policy which would mean the break-up of NATO was successful yesterday.

The party conference at Blackpool rejected demands that Britain should embark on unilateral disarmament and withdraw from NATO.

A principal political danger, that the conference would adopt a defence policy barely distinguishable from Labour's Left, was averted. Page 9

Eric Heffer urged the Labour Party to reject dilution of its Socialism and urged dissenters to "join the Liberals—or any other party."

Callaghan hits back

Opposition leader James Callaghan repeated his demand to Mrs. Thatcher to recall Parliament to debate unemployment and the economy. Back Page

Polish plan

Polish workers' leaders announced plans to establish a nation-wide free trade union organisation which would exclude Communist Party officials from union posts.

Diamond raid

Two raiders stole 20 gems worth £1m, including the £400,000 Marlborough diamond, from Graff's the jewellers at Brompton Road, London.

Chileans vote

Labour Party general secretary Ron Hayward attacked the Government for putting trade before caring who it dealt with or at what cost, while Chileans voted in the Pinochet plebiscite. Page 6

Daily Express

Publication of the London editions of the Daily Express was halted last night for the third night running because of a dispute involving printers in the printing and machine-rooms. The London edition of the Daily Star was affected. Page 9

Dearer beer

Courage, Scottish and Newcastle Breweries, and Carlsberg are to increase prices of beers and lagers shortly by between 2p and 4p a pint. Page 7

Lowest air fare

British Airways announced the cheapest London-New York winter stand-by single air fare, £77. Some business travellers on European air routes are "over-charged." Page 7

Iran power

Iran's Revolutionary Council, which has ruled since the Shah was deposed last year, announced its dissolution and transfer of powers to the Majlis (Parliament) and newly-appointed Government.

Israel concerned

Israel is concerned at the consequences of the Latin American reaction to its annexation of all Jerusalem. Page 6

Briefly . . .

Australia will hold a General Election on October 18, Prime Minister Malcolm Fraser told Parliament. Page 4

Two merchant ships, Dutch and Greek-registered, landed 138 Vietnamese refugees in Singapore.

The "father of Nescafé," Swiss chemist Max R. Morgenthaler, has died near Vevey, Switzerland, aged 80.

Lord Carrington will pay an official visit to China, between October 2-6, and will visit Japan and Hong Kong.

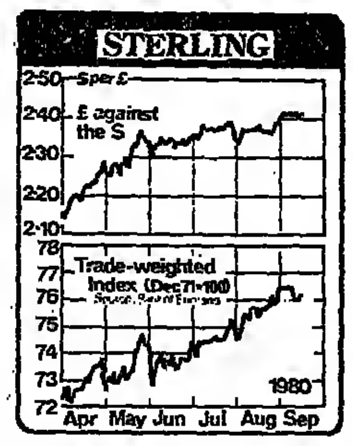
BUSINESS

Gilts fall to 70.78; Tokyo at new high

● GILTS eased on profit-taking and selling pressure, longs losing up to a full point and shorts up to ¾. The Government Securities Index shed 0.31 to 70.78 Page 32

● EQUITY leaders recovered minor falls and the FT 30-share Index closed 1.2 higher at 503.0. Gold mines lost 13.1 to 448.8. Page 32

● STERLING gained 95 points to $2.4125 and strengthened to DM 4.29 (DM 4.2750). Its trade-weighted index was 76.2 (76.0). DOLLAR eased, its index falling to 83.3 (83.6). Page 26



● GOLD closed $3 lower in London at $681.5 after a late rally on strong demand in New York. Page 26

● TOKYO: The Nikkei Dow average rose 22.68 to a record 6978.89. Page 30

● WALL STREET was 2.82 higher at 941.3 before the close. Page 30

● FIAT car plants in Italy were hit by three hours of strikes and protests following the breakdown of talks on proposals to lay off 24,000 workers for 18 months. Back Page

● UNION leaders met the U.S. owners of the Ayrshire Marine Construction oil platform yard on the Clyde which has been threatened with closure as a strike continued. Page 9

● VICKERS SHIPBUILDERS said it would begin layoffs at its Barrow yard from September 22 if a strike by 1,300 boilermakers did not end next week. Page 9

● LLOYD'S of London is to change substantially its plans for improving self-regulation within the Lloyd's market following widespread criticism. Back Page

● CENTRAL ELECTRICITY Generating Board will announce plans to close or "mothball" 22 power stations, with the loss of over 3,000 jobs, in one of its biggest closure programmes. Page 8

● WORLD OIL shortages will make it difficult for Japan to reach its 1985 oil import target of 6.3m barrels a day, a senior Tokyo official said. Page 4

● FRANCE plans to import Australian uranium for peaceful purposes under a draft nuclear transfer agreement approved in Canberra. Page 6

● U.S. STEEL has dropped its demands for import duties on several Italian steel products it once alleged were being unfairly subsidised. Page 6

COMPANIES

● TURNER & NEWALL, the industrial group, reports taxable profits down by £6.6m to £12.2m for the six months to June 30. Overseas trading profits rose to £15.7m (£11.4m). Page 20; Lex, Back Page

● UNITED BISCUITS (Holdings) reports taxable profits unchanged at £16.1m for the first 28 weeks, despite a rise in trading profits. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		Bambers	46 − 5
Arbuthnot Latham	240 + 8	British Vita	123 − 9
Asia Land	80 + 8	Clifford (Ch.)	48 − 14
Cornell Dresses	88 + 12	Coral Leisure	91 − 3
Dunlop	80 + 6	Hepworth Ceramic	101 − 5
Hewitt (J.)	39 + 7	Kode Intnl.	319 − 7
Hogg Robinson	125 + 7	Leigh Interests	185 − 7
Ingram (H.)	21 + 3	Montfort (K. Mills)	66 − 6
ML Holdings	370 + 20	Northern Foods	146 − 7
Maynards	138 + 8	Prudential	242 − 5
Wilson (Connolly)	113 + 7	Tavener Rutledge	20 − 4
Aran Energy	440 + 14	Tern-Consulate	23 − 5
Cen. Pacific Mins.	£34½ + 2	Unigate	106 − 7
Malayan Tin	125 + 13	Utd. Scientific	333 − 7
S. Pacific Petrol	£13¼ + ¾	Wellman Engineer.	89 − 5½
		Double Eagle	600 − 40
FALLS		Anglo-Amer. Gold	£47½ − 1½
Excheq. 10pc 1983	£92¼ − ¾	De Beers Dfd.	478 − 12
Treas. 12¾pc 1992	£98 − 1	Grootvlei	550 − 23
Allen Harvey Ross	395 − 15	Poseidon	296 − 16
BTR	363 − 11	Western Deep	£28½ − 1½

Howe's tough line on high public sector pay claims

BY ROBIN PAULEY

THE GOVERNMENT yesterday served notice on local authorities that demands for high wage rises in the next pay round must be resisted and concepts of catching up and comparability are dead.

Sir Geoffrey Howe, Chancellor, told the Labour-controlled Association of Metropolitan Authorities conference, in Manchester, that there was no question of the Government funding any high pay awards in the public sector.

In a tough speech, he said if the projected overspend on local authority current expenditure looked like materialising this year the Government would act.

"We will not hesitate to take action necessary to minimise the risk of any overspending," he said.

A moratorium on capital projects was still an option, he said later, although he admitted that such a move was the least attractive action.

On pay, which accounts for about 70 per cent of local authority current spending, Sir Geoffrey took an equally strong line. He seemed to be indicating that future settlements will have to be in single figures.

"It is absurd to speak of the need to keep pace with inflation, regardless of circumstances. There can be no question of a norm or the need for catching up," he said.

Claims based on catching up were particularly unfair to—and resented by—those whose pay and jobs were threatened by recession and inflation.

"How can you explain to a man who has just lost his job in industry that a pay settlement based on comparability is only catching up with the pay level he no longer receives?" he said.

The cash limit on that part of local government expenditure, financed through the rate support grant, must be consistent with what the nation and the taxpayer could afford.

"And so must all our cash limits. Those for the coming year will have to allow for significantly lower increases in cash spending than were allowed for in the present year's limit.

"I hope that we can steer local authority spending back on course. Otherwise, there will be no hope of your achieving the extra 2 per cent reductions which we have told you we want for next year. A substantial proportion of the reduction must come from reductions in staff numbers.

"The only way to achieve both our monetary objectives and a sustained fall in interest rates is to reduce the public sector's demand for finance.

Local authorities account for more than 11 per cent of GDP and 40 per cent of public expenditure on goods and services. They raise 9 per cent of general Government revenue in the form of rates and employ 12 per cent of the nation's workforce.

On rising rate levels Sir Geoffrey said the most damaging effect was on local industry. Heavy rates could cripple firms, destroy jobs and contribute to pressures towards bankruptcy. They certainly did not help firms to expand and create greater wealth.

Pauline Clark writes: Sir Geoffrey's warning came only a day after local authority employers' representatives "reluctantly" agreed to accept arbitration on this year's pay offer for 500,000 white collar council workers.

The employers have warned that their 13 per cent offer, backdated to July, cannot be improved without risking jobs and cutting services. The National and Local Government Officers' Association is demanding a 20 per cent increase.

VAUXHALL VOTE

Hourly paid workers at Vauxhall's Luton plant have voted to accept an 8 per cent pay offer. Back Page

EEC may give industry aid for energy saving

BY RAY DAFTER IN MUNICH

LARGE process industries may receive European Economic Community aid to help with investment in new energy-efficient plant under a scheme being considered in Brussels.

Over $7bn (£2.9bn) annually is being spent on such equipment in member-countries. A senior EEC official told the World Energy Conference in Munich that the level of energy-saving investment could double within five to 10 years.

Mr. Robert Sbotton, a principal administrator with the European Commission, said that high fuel prices had virtually eliminated energy wastage in the Community. Further improvements in usage of fuel would depend on investments.

Much of the spending would be borne by the energy-intensive sectors of industry such as steel, chemicals and cement. But in many of these cases, he said, the industries were being hit by "structural crises" and low profitability. Some had not the resources to fund major investments.

As such investment was essential, financial aid might be necessary.

While Mr. Sbotton did not define the form that such assistance might take, it is understood that ideas being considered include rebates on financing interest charges or special grants. If grants are provided, they may be integrated with other EEC aid programmes, such as funding of new technology projects.

A preliminary EEC report on possible assistance programmes is expected in November. Talks are taking place between the Commission and member-Governments.

The response from Britain could be a major influencing factor. The Government has so far taken the line that a policy of "realistic" pricing should be sufficient to stimulate conservation measures and energy-saving investments.

Looking at the more general problem of financing in the light of high energy prices, Dr. Wilhelm Christians, a managing director of Deutschebank, said that the International Monetary Fund and other official institutions would have to make a greater contribution to the financial needs of the developing countries.

Risks involved in international banking forced commercial banks to adopt a more cautious attitude.

The current-account balances of developing countries could stand at a deficit of $50bn this year, against a deficit of $43bn in 1979. Industrial countries could also report a deficit of $49bn this year.

On the other hand the surplus of members of the Organisation of Petroleum Exporting Countries could rise from the 1979 level of $50bn to over $85bn this year.

Dr. Christians criticised OPEC for not making a bigger financing contribution to the Third World. OPEC's aim should be for a "real transfer" of finance via direct credits. Raising of the OPEC Fund by

Continued on Back Page
Energy Review, Page 5

Globe will cut Electra stake

BY TIM DICKSON

GLOBE Investment Trust, the largest UK investment trust, plans to reduce its stake in its smaller but innovative stablemate, Electra Investment Trust.

In a move announced yesterday it will reduce its holding in Electra from 74.44 per cent to 26.73 per cent through an offer for sale which will raise £30.8m.

Investment trusts are specialist investment companies with their own share capital. For some time there has been an undercurrent of criticism in the City over the way in which some of them have cross-holdings in other trusts.

Mr. Michael Stoddart, a director of Globe, said that the announcement was partly a reaction to this criticism, but it was not the most important reason.

Globe said that the holding in Electra had become "disproportionate" in relation to the company's total assets, but stressed that the remaining interest would be kept as a long-term investment. Globe's market capitalisation is about £250m.

Electra, which invests in special situations with an increasing emphasis on the U.S., was set up in 1935 as Cables Investment Trust.

Its name was changed when it became public in 1976 and 26 per cent of the shares were made available to the public. At this stage the two major shareholders were Cable and Globe investment trusts, which held 37 per cent each, but subsequently merged in September, 1977.

In an interesting departure announced yesterday Globe said it intended to consolidate part of its resources into a small number of listed and unlisted large investments. It would continue to invest worldwide, and increase the percentage of its overseas assets, but the £30m has not been earmarked

The offer for sale is to be made direct to Globe stockholders.

The directors say that since the stake is already indirectly owned by Globe shareholders "they consider it appropriate to utilise the occasion of such disposal to give Globe's stockholders the opportunity to acquire a direct stake in Electra.

Details, Page 23
Lex, Back Page

CONTENTS

For latest Share Index 'phone 01-246 8026

Low productivity blamed for economic ills

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S economic problems stem largely from the low level and slow growth of productivity rather than from policy errors or any external constraint, a group of leading U.S. and Canadian economists argue in a major review of the British economy published today.

Consequently, neither import restrictions nor generalised incomes policies provide any answer.

The study was sponsored by the Brookings Institution, the influential Washington research body with close links to the Carter administration. It examines the origins at the UK's poor economic performance relative to other countries in the past decade and suggests possible remedies.

The project, a sequel to a similar undertaking in 1968, involved research in the UK and extensive discussions with UK economists and policymakers.

The central conclusion is that remedies will not be found either in an overhaul of fiscal and monetary policy or in moves towards protectionism. The problems are seen as much more deep-seated, relating to Britain's social system and, in particular, to the structure of the labour market.

Professor Richard Caves of Harvard University and Mr. Lawrence Krawse of Brookings, the joint editors of the study, examine various reasons which have been suggested for Britain's poor performance. They doubt whether there has existed over the last decade a significant gap between actual and potential output, and hence scope for expansion of demand.

The editors also question whether Britain's performance has been constrained by the balance of payments or by the exchange rate. Similarly, despite policy errors, Britain's economic managers are not held responsible for causing the disappointing performance by inept setting of overall policy instruments.

Instead, the authors concentrate on structural influences, some of which were examined during the Labour Government's industrial strategy phase while others form part of the Tory administration's supply side approach.

Specifically, Prof. Caves and Mr. Krawse suggest a direct attack on the productivity problem "by improving industrial relations (if that were possible), by increasing industrial incentives, by improving the allocation of capital (for instance, to small firms) and the like."

Another approach would mean that policymakers could do a better job of living within the constraint implied and convincing the people to do likewise. "It is bad enough to endure relative impoverishment: it need not be made worse by inflation."

Other points which emerge are:

● Trade union membership has risen in response to severe unanticipated changes in inflation and this has been linked to increases in strike activity.

● Comparison of British and U.S. manufacturing companies confirms traditional hypotheses about the shortcomings of British management and labour. Consequently, a shift is likely from large-scale assembly industries to smallscale or process industries.

● The highest priority in tax reform should be a simplication of income tax by broadening the tax base and removing the special provisions and reliefs.

● Governments should intervene as little as possible in North Sea oil, leaving companies to decide on the pace of development.

● British financial markets are effective in allocating savings, though the bias in the tax system which helps to encourage the growth of financial institutions may limit sources of money for small companies.

Details, Page 8
Editorial comment, Page 18

MONEY MARKET AID EXTENDED

THE BANK of England yesterday extended for a further month part of its financial assistance to the money markets in order to ease shortages of liquidity and to hold down very short-term interest rates. The assistance, a facility of up to £750m, represents a sale and repurchase facility of gilt-edged stock. It was originally due to run out next Monday and has been extended to October 13. This follows a similar extension last week of £500m of help.

Minimum Lending Rate was left unchanged at 16 per cent. While the news was expected, some of the recent enthusiasm in the gilt market evaporated and there were losses of up to £1. The main attention is now on whether any new stocks are announced this afternoon. At least one issue, possibly with a medium-to-long maturity date, is expected.

BL first half loss reaches £120m

By Kenneth Gooding, Motor Industry Correspondent

BL is expected to reveal later today that its pre-tax loss for the first half of the year reached around £120m, equalling the loss for the whole of 1979.

BL had given a warning that there would be a further loss this year but the size of the first-half deficit—indicating that the group might well suffer its worst-ever financial results in 1980—will certainly cause the Government concern.

As recently as July BL said its cash flow would improve from August onwards and that it expected to get through the rest of 1980 on the previously-agreed Government funding and its own resources.

However, it is clear the group will need more than the £130m that the Government has agreed for 1981-83, particularly if it is to go ahead with the LC10 project involving a replacement for the medium-sized cars in the BL range—the Allegro and the Marina.

Sir Michael Edwardes, the chairman, will almost certainly refer to the forward model programme today and give some more details about the group's financing plans.

The major problems this year have been in the car division, which yesterday announced further cut-backs. One of the three Rover assembly lines at Solihull will be shut down before the end of the year and 450 voluntary redundancies will be needed—100 of them during the next few weeks.

About 2,500 of the Solihull employees are already on a three-day week. The latest reduction will mean that Rover output will be under 20 per cent of the target announced when the model was launched four years ago.

The streamlining of BL is going ahead at a much faster rate than first intimated by Sir Michael in September last year. It is now clear that by the end of 1980 at least 30,000 jobs will have been shed compared with the 25,000 then forecast.

But this is having an impact on the group's finances. Of the 14,000 jobs cut in the first half of this year 8,000 involved redundancy payments. These are unofficially estimated to have totalled around £30m.

BL will also have to take

Continued on Back Page

£ in New York

—	Sept. 10	Previous
Spot	$2.4050-4060	$2.4005-4015
1 month	1.29-1.24 dis	1.21-1.16 dis
3 months	2.44-2.39 dis	2.52-2.47 dis
12 months	4.40-4.25 dis	5.15-4.95 dis

EUROPEAN NEWS

FIAT CONFRONTS ITS UNIONS

Italy faces an autumn of unrest

BY RUPERT CORNWELL IN ROME

A SUMMER of rumour and shadow boxing in Turin is over. The confrontation between managemant and unions at Fiat over the company's drastic plans to slim its workforce is potentially the most serious and far-reaching labour dispute in Italy for several years.

Not only is it taking place in the company wbicb invariably sets the trend for industrial relations throughout the country, it is also the starkest proof yet of the profound difficulties facing Italy's car industry. The problems in part are those facing mannfacturers throughout Europe: a diminisbing market and an ever more serious threat from Japan. But they are also of peculiarly Italian origin and can now, it is clear, be ignored no longer.

It is perhaps not too much to say that on the outcome of the negntiations broken off in Turin on Wednesday evening will binge the ability of big private industry in Italy, ensnared by shrinking compatitivity and low productivity, to carry out the necessary reordering of its affairs.

The alternative, in all probability, is a gradual drift into what the Italians call the *area assistita*, that large segment of the national economy wbich depends for its survival on state subsidies. The recent experience of Italy's deficit-ridden public-sector enterprises, consuming more resources than they produce, offers anything but encouragement.

For the company itself, the present sbowdown is part of a much wider process of change, as it adapts to bleaker times. Sweeping management changes bave been made — most dramatically the withdrawal of Sig. Umberto Agnelli from tbe front line post of managing director on July 31 to a less-exposed berth in the group's financial bierarchy. As his elder brother Giovanni put it at the time: "*In Turin*, it's Fiat wbich takes people on, and the Agnellis who do the sacking."

Sig. Giovanni Agnelli served a concrete warning of what was to come at Fiat's annual meeting at the beginning of that month, outlining the company's intention to reduce output by 30 per cent in the second half nf *this year*.

Simultaneously the company, now in the day-to-day hands of Sig. Cesare Romiti, sole managing director and a financial specialist, began soundings on what seems likely to be a major fund-raising operation to provide new resources to underpin the L5,400bn (£2.7bn) investment promised over the next five years.

Fiat's immediate intentions are simply stated. To cope with a decline in sales predicted to last until the end of 1981, the group wants to reduce output by 20 per cent over the period —in other words to lop 457,000 off the scbeduled production of 2.25m vehicles. If nothing is done, Fiat management argues, surplus stocks of 482,000 units would pile up in 1980 and 1981.

Above all, Fiat does not want to repeat the errors of 1974-75, the last cyclical downturn in the car market.

This time, the company is determined at all costs to preserve its investment programme, with the goal of a bighly modern range of products, centred on four basic models, when sales start their expected improvement in early 1982.

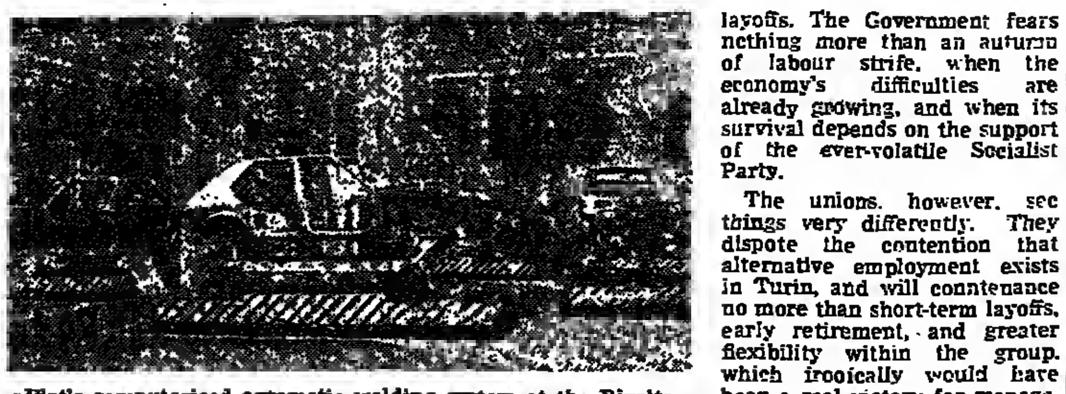
Hence the unprecedentedly tough line on its proposals to cut its workforce. The original offer, from which Fiat's negotiating team appears to have budged little during the three days of talks with the unions, was for 24,000 of the 140,000 workforca in its car division to be laid off completely with state aid until the end of 1981. At that point, half of them, perhaps, might be re-absorbed.

Thus far at least, Fiat has remained impervious to the calls from Rome of state aid for the car sector and a plan to put tbe industry back on its feet—but implicity conditional on the company, softening its line on layoffs. The Government fears nothing more than an autumn of labour strife, when the economy's difficulties are already growing, and when its survival depends on the support of the ever-volatile Socialist Party.

The unions, however, see things very differently. They dispote the contention that alternative employment exists in Turin, and will conntenance no more than short-term layoffs, early retirement, and greater flexibility within the group, which ironically would have been a real victory for management had it been offered in the boom year of 1979 when Fiat could not produce enough cars to meet demand.

So what now? The Government, inevitably, has been obliged to step in and offer its services as a mediator. And the early iodications are that it will lean as beavily as possible on Fiat to water down its proposals.

The poker game goes on. Immediately after Wednesday's breakdown of talks, Fiat announced it could wait no longer, and set in motion procedures for wbat are believed to be between 12,000 and 15,000 redundancies. The unions took their case to the Government, to Sig. Franco Foschi, the Labour Minister, and declared a three-bour protest strike throughout the Fiat group yesterday.



Fiat's computerised automatic welding system at the Rivalta works is one of the world's most modern.

Community ship output down 42%

By John Wyles in Brussels

EEC SHIPBUILDING output plunged by 42 per cent between 1976 and the end nf 1979, and, despite a slight pick-up in orders last year, there are few signs of any real recovery in shipbuilding activity over the next 15 months.

This is the gloomy conclusion nf a European Commission report nn the Community's shipbuilding industries. It fnllows on the heels of the Commission's adoption of a proposed directive aimed at curbing destructive competition among EEC shipyards.

The report sees no prospect of any balance in shipbuilding supply and demand befnre 1984-85. While EEC shipbuilding is languishing, however, the report notes that the yen's depreciation over the past 18 mnnths is giving Japanese yards cost advantages of between 25 and 55 per cent nver their EEC counterparts.

The Organisation nf Economic Co-operation and Develnpment disclosed this week that Japan bad captured 85 per cent nf all available new orders in the first six months nf this year.

French budget aims for FFr2bn oil windfall taxes

BY TERRY DODSWORTH IN PARIS

THE French Government is aiming to raise about FFr 2bn (£200m) additional revenue next year by taxing the windfall oil company profits, which have arisen from the dramatic rise in energy prices during the last 18 months.

Behind the budget measures are two main objectives. On the one hand, the authorities want to sipbon off exceptional earnings from the exploitation of oil and gas resources in France.

On the other, they are aiming to speed up the investment in new explorations by taxing the available money for research if its not spent quickly.

The new regulations are particularly significant for ELF Aquitaine and Compagnie Française des Petroles (CFP), the two national oil companies in which the State has substantial *stakes*. But *they are also* expected to affect Esso and, to a lesser extent, Shell.

ELF, which has been at the centre of an acrimonious argument with the Government this year about the use of its profits (FFr 5.9bn in 1979), will be particularly hit by the first of the new provisions. This is an increased tax on profits arising from the exploitation of wells in France, notably the Lacq gas deposit, from which ELF realised an additional FFr 270m last year, solely as a result of price increases.

Lacq had until now been largely exempt from exploitation taxes of this kind; it is now being re-integrated.

Alongside ELF the main company to be affected by this change in Esso, which is working an oilfield in south-west France, and whose tax burden is expected to increase by around FFr 200m.

The second change in the regulations is designed to alter the tax provisions allowed against exploration for new deposits (known as the PRG).

This is expected to raise the bulk of the additional revenne which the Government is aiming to generate from the industry—some FFr 1.4bn in 1981.

Under the existing system, companies can deduct research expenditure from their profits up to a ceiling of 23.5 per cent nf turnover on their wells and 50 per cent of the profits from these parts of the business.

These rules are now being changed in two ways. First, the dual relief system is to be gradnally abandoned. The Government justifies this move on bte grounds that profits are bigh enough today to ensure continning exploration.

The cbange in the regulations have been designed to work clearly in favour of increasing the search for energy in France. In principle, the amount of PRG finance on which the oil companies are entitled to charge depreciation, is now to be re-integrated into taxable profits, thus escaping the taxman only once.

However, only 20 per cent of these "depreciatable" PRG funds are to be brought back into taxable profits during the next 10 years for research undertaken in France; overseas, however, the proportion of PRG finance which will have to be re-integrated will amount to 60 per cent during the next five-year period.

Second, the Government is to reduce drastically the time in which allowances against the PRG can be used—from five years to one—with the clear aim of speeding np exploration work, especially in France.

This move clearly fits in with the current target of accelerating the search for energy, by giving out more exploratioo licences to the home-grown companies.

France plans 18% defence spending rise

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government has made a special effort in the field of defence in its 1981 draft budget, approved by the Cabinet on Wednesday, in spite of a general restriction of public spending which has affected most departments.

Defence spending will rise by nearly 18 per cent next year to FFr 104bn (about £10.4bn) excluding military pensions, which is equivalent to 3.85 per cent of GDP. This compares with an increase of only 16.4 per cent in total public expenditure.

Thongh the sharp rise in the price of petrol and fuel oil will absorb a substantial proportion of the military bodget, tbe authorities bave made sure that spending on new equipment will also be increased. Military equipment allocations for next year bave risen by 22.6 per cent to FFr 64.4bn—three times the rate of increase for civil equipment.

M. Barre . . . nwn master

In an address to the French Institute of Advanced Defence Studies yesterday, M. Raymond Barre, the Prime Minister, said that, if the nentron bomb was adopted by France, it would become part of a whole panoply of weapons. There was no question of making the country's whole defence system dependent on the neutron bomb.

Tbe Prime Minister said that France intended to remain master of its own military destiny and would refuse to be drawn into conflicts in which its vital interests were not threatened.

Madrid delegates quiet on East-West differences

BY ROBERT GRAHAM IN MADRID

AFTER TWO days of closed session talks here delegates from 35 states preparing for the tbird conference on co-operation and security in Europe have continued to play down the major underlying differences between East and West Europe.

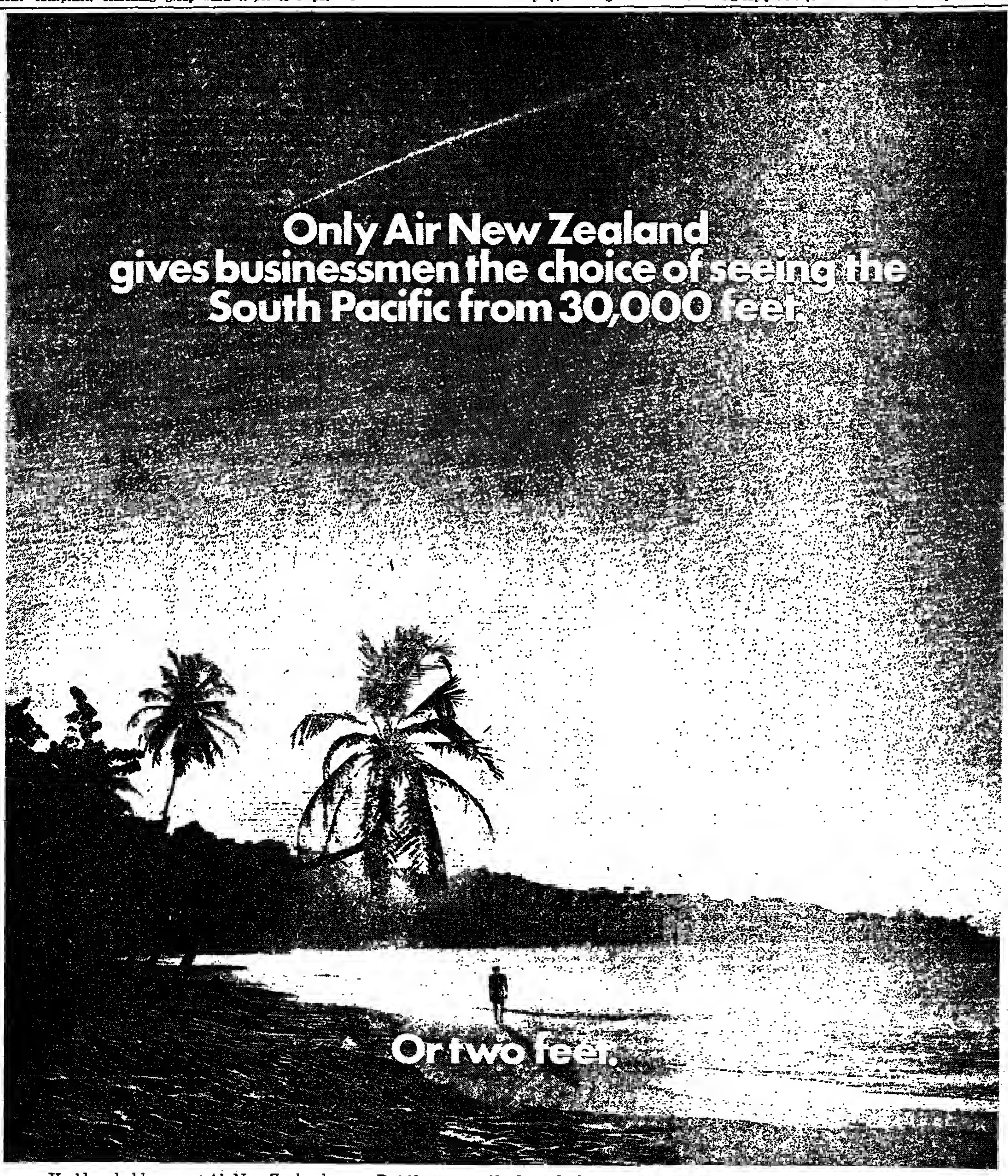
The meeting, which was formally opened on Tuesday, is entirely procedural, designed to draw up an agenda and the framework for a full conference beginning in November.

It is the November meeting that will go into the substance of the West's complaints that the Soviet Union and its East European allies have failed to live up to their commitment agreed in the Helsinki Act of 1975.

According to spokesmen for various Western delegations, commenting on the closed door session, the speeches have been in a low key. In particular, the chief U.S. delegate Mr. Max Kampelman who spoke yesterday was careful tn avoid all polemics underlining the U.S. commitment to make a success of the November meeting.

"We prepared for this meeting wih sensitivity because we wish the November meeting to be successful," he was quoted as saaying.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.



British Tories in EEC oust Plumb over CAP reform

BY LARRY KLINGER IN BRUSSELS

THE European Democratic Group, the 64-member European Parliament faction dominated by the British Conservatives, has stripped the agriculture working party of its chairman, Sir Henry Plumb, and several other members who have been criticised within the party as being unsympathetic to radical reform of the Common Agriculture Policy (CAP).

While the group yesterday played down the significance of the reshuffle, pointing out that the changes were part of an annual readjustment of committees, the new working party, unlike its predecessor, will have as its main priority the task of suggesting possible reforms of the CAP.

Mr. James Scott-Hopkins (EMP, Hereford and Worcester), who, as European Democratic leader, made the changes during the July session of the European Parliament, has asked the new working party to propose before the end of January guidelines and options which could form the basis of his group's policy on reform.

Removed from the working party are four of the five members who at the time also sat on the Parliament's Agriculture Committee, the most prominent of whom is Sir Henry (EMP, Cotswolds), who, as the current chairman of the parliamentary committee and a former president of Britain's National Farmre's Union, is a leading figure in European agricultural affairs.

Sir Henry has been replaced as chairman of the working party by Mr. Andrew Pearce (EMP, Cheshire West), an outspoken critic of some aspects of the CAP. The only member retained who still sits on both committees is Mr. David Curry (EMP, Essex North-East), who also remains the European Democratic spokesman on agriculture.

Sir Henry Plumb

Mr. Pearce said that under his chairmanship the working party would take a long-term view of the CAP's future. The working party would probably not concern itself with next year's farm prices review but would look for proposals on how "adaptations in the CAP" could serve the wider economic interest.

The reshuffle does not, however, alter the group's plan for a one-day seminar on agriculture to be held on October t at the Europa Hotel, London.

● The Socialist Group, which is the largest faction in Parliament, has already launched a new study of the CAP. A special working party under the chairmanship of Mrs. Barbara Castle (EMP, Greater Manchester North) plans to produce a policy document "to secure fundamental changes in the CAP before the next farm price discussions and as part of the discussions on the budget."

'Western inflation down'

BY DAVID WHITE IN PARIS

INFLATION IN the industrialised West dropped to 0.5 per cent in July, the lowest monthly rate since 1978. The increase since the same time last year fell to 12.8 per cent from 13.6 per cent in June.

But the Organisation for Economic Co-operation and Development said that the slowdown was largely due to coinciding developments in the three largest countries, and that inflation among the remainder of the 24 OECD member countries remained high.

The main reasons behind the lower July increase, which compared with 0.9 per cent in the two previous months and 1.3 per cent in April, were the drop in U.S. mortgage rates, the effect of falling spot oil prices on West German energy costs and a slower rise in Japanese non-food prices.

Turkey continued to hold the position of the OECD's highest-inflation country, with an annual rate of 89.2 per cent. Switzerland was at the bottom of the scale with 3.3 per cent.

Yugoslavia in $1.3bn ship deal with Russia

By Anthony Robinson

YUGOSLAVIA'S ailing shipyards have received a major boost from the Soviet Union, which has agreed in principle to purchase 98 ships worth $1.3bn over the next five years.

The agreement between the Yugoslav shipbuilding corporation, Jadranbrod, and the Soviet ship importing corporation, Sudoimport, provides for the construction of 56 ships at coastal yards and 42 smaller vessels.

The agreement still has to be ratified by the two Governments but is expected to double the value of ship exports to the Soviet Union compared with the present five-year plan period which ends in December.

The new agreement is a reflection of the Soviet desire to forge closer economic links with Yugoslavia. The non-aligned country has remained outside Comecon and the EEC but has special agreements with both. It aims to ensure that its overall pattern is evenly balanced between its two major trading partners.

In recent months, however, Yugoslavia has found it much easier to increase its exports to Comecon than the EEC and the latest contract indicates that this trend could well continue.

EEC oil imports fall 12%

BRUSSELS — European Community member countries imported 12.5 per cent less oil in the first 8½ months of 1980 than in a comparable period last year, the EEC Energy Commissioner, Herr Guido Brunner announced yesterday.

Herr Brunner said the reduction proved, "not only the readiness on the part of the ordinary citizen to save oil, but also the success of Community efforts to co-ordinate their energy saving measures."

The Nine had imported 313m tonnes of oil so far this year, 4m tonnes less than the comparable period in 1979, he said.

"On the basis of present figures, the Community will easily undershoot the target figure of no more than 472m tonnes of imports this year," Herr Brunner said.

In April, the EEC Commission estimated that, even if imports were kept to 460m tonnes, the Community would pay about $100bn for oil in 1980, $25bn more than last year. A.P.

Norway lifts proven gas and oil reserves

OSLO—Norway's proven recoverable oil and gas reserves have been revised upwards from 1.7bn tonnes to 2.1bn tonnes, a Ministry of Oil and Energy official said yesterday.

Estimated but not proven reserves of oil and gas on the Norwegian continental shelf south of the 62nd parallel in the North Sea were now put at between four and five billion tonnes, he said.

Production in the 1980s was expected to amount to 15-20 per cent of the gross national product, 35-40 per cent of Norway's exports and 20-25 per cent of state revenues.

The official said investments in the offshore oil industry amounted to NKr 47bn ($9.7bn) in the 1970s. They were expected to rise to between NKr 125-136bn ($26-$28bn) in the 1980s in the North Sea alone.
Reuter

Brezhnev and Polish deputy agree on closer co-operation

BY DAVID SATTER IN MOSCOW

THE Polish deputy Prime Minister, Mr. Mieczyslaw Jagielski, yesterday met with Mr. Leonid Brezhnev, the Soviet President, for talks which are believed to have dealt with long-term plans for keeping the unprecedented political situation developing in Poland under control.

The Soviet news agency, Tass, said that the meeting passed in a "warm and friendly" atmosphere and the two men discussed "consolidation and development" of "all-round" relations between the Soviet Union and Poland.

Mr. Jagielski has met with about Soviet aid to Poland and he had a meeting on Wednesday night with Mr. Mikhail Suslov, the chief Soviet ideologist, which may have touched on the spread of the free union movement in Poland, including the formation of free intellectual and professional unions.

The Tass report on Mr. Jagielski's meeting with Mr. Suslov said the two "exchanged opinions on questions of mutual interest," a phrase indicating a degree of disagreement.

Mr. Jagielski's visit to the Soviet Union is the first by a Polish leader since the outbreak of strikes which resulted in Polish Government agreement to independent trade unions and Tass said that in Mr. Jagielski's talks with President Brezhnev it was agreed that the efficiency of Polish-Soviet economic co-operation should be enhanced.

Tass said this should be accomplished both on a bilateral basis and within the framework of the Council for Mutual Economic assistance.

The Communist Party newspaper, Pravda, yesterday, in a report on a speech by Mr. Stanislaw Kania, the new Polish Communist Party leader, said Mr. Kania was outlining steps to strengthen the contacts of the Polish Communist Party with the working class.

At the same time, Pravda quoted Mr. Kania, with apparent approval, as saying that the struggle in Poland against anti-Soviet elements was continuing.

The newspaper quoted Mr. Kania as vowing that the Polish Communist party leadership would "emphatically resist attempts to violate order, unwarranted actions and relaxation, baiting of workers who are honestly and devotedly working for the benefit of Polland."

Anthony Robinson writes: The Czechoslovak authorities have reacted to events in Poland in the by now traditional way of leading the communist world's press attacks on "anti-Socialist activities" in that country and by arresting dissidents in Czechoslovakia itself.

According to Czechoslovak emigré sources in Vienna a police swoop on Tuesday led to the arrest of 11 people accused of having sent a letter of support to striking Polish workers.

Those detained included the Foreign Minister under the former Dubcek regime, Mr. Jiri Hajek and the former Education Minister, Mr. Vladimir Kadlec as well as Charta 77 spokesperson, Ms. Mraie Hromadkova and other prominent dissidents.

The end of patience at Poland's sulphur mines

TARNOBRZEG, Poland—"All of us have stomachs of roughly the same size," said the white-helmeted worker at the closed gate of the Kopalnia Machow sulphur mine six miles south of here. "We want to fill them. We have the right to a decent existence."

Delivered in a tone of quiet determination, without anger, the statement touched the core of grievances which brought production at one of Poland's biggest sulphur mines to a halt on Wednesday last week—long after workers on the Baltic coast and in the Silesian coalfields returned to work.

Since September 3, a 10-man strike committee representing the 2,000 workers at the Machow sulphur mine have been negotiating with the government a list of 28 demands, from higher pay and better working conditions to improved schools and limits on the powers of security police.

Tarnobrzeg, in the south-eastern corner of Poland, is one of a string of towns still affected by strikes despite warnings by the Communist leadership that striking workers were pushing the country towards economic disaster.

But some of the local grievances go so deep that speeches and statements make little impression on disgruntled workers.

"Our problems have existed since the mine started operating 20 years ago," a miner said. "Prices are so high that you have to work all day for a kilo of sausage—if you can get it.

"Most of us here at the mine are peasant farmers, around 70 per cent of the work force, who tend a patch of land and commute to work.

"Peasant workers have a reputation for patience and they (the Government) thought we would take everything, for ever. But our patience has come to an end."

Working conditions considered unhealthy apparently played a major role in the chain of events which led the sulphur miners of Machow to down tools, three days after striking coalminers in Silesia returned to work.

"My father-in-law ruined his health in the sulphur mine," reported a middle-aged worker. "You know how much he gets now? Zl 1,750 in retirement benefits and disability pay. That's all, Zl 1,750."

At the official rate of exchange Zl 1,750 is less than $60. But the conversion is misleading because Zl 30 buy more in Poland than does a dollar in the United States.

The Machow demands, according to strike leaders, include a 15 per cent supplement for unhealthy work in the pit, the establishment of a medical service to deal solely with industrial diseases caused by exposure to sulphur, and an improved system of recreational leave.

"Our requests are modest," said a member of the strike committee. "I don't think people in other countries would have to work in conditions as unhealthy as ours."

One of the points on the committee's list provides for the introduction of full miners' privileges on the pattern of those enjoyed by workers in the Silesian coal fields, traditionally the focus of government attention because of the area's great economic weight.

"We do the work of miners but don't get as many privileges as our colleagues in Silesia because we are considered part of the chemical rather than the mining industry," one strike leader explained.

Average monthly pay at the sulphur mine, according to workers, runs at around Zl 6,000. Point four of the demands provides for an average Zl 1,800 per month cost of living increase to be distributed in line with a scale worked out by the strike committee.

"Look at the prices in the shops and you realise this isn't an excessive demand. After all, a kilo of sausage costs at least Zl 140 ($4.50), the strike leader said.

"And there is a great disproportion in the distribution of money. The managers don't have to count the pennies like we do, they don't have to queue for meat like we do—they get it through the back door."

In the past few days, the Polish Communist Party has suggested that "anti-socialist elements" shared responsibility for the continuing labour unrest in Poland, an accusation dismissed as "bald-faced slander" by one of the workers here.

The Machow strike leaders include members of the Communist Party, and vice-committee chairman Jerzy Miszlinski is also the head of the Communist-controlled official trade union.

Workers here were cautious in their comments on the establishment of trade unions outside party control, a major concession won by strikers on the Baltic coast.
Reuter

OVERSEAS NEWS

Fraser calls elections for October 18

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S Federal election will be beld on October 18, Mr. Malcolm Fraser, the Prime Minister, announced last night.

The election has been called two months before the three-year term of office expires for the Liberal-Natiooal Country Party's coalition Government to avoid coinciding with the Queensland State elections, scheduled for December.

According to opinion polls, which are reasonably reliable in Australia because voting is compulsory, Mr. Fraser's coalition should be returned with a redneed majority.

At present, he bolds a 48-seat majority in the 124-seat House of Representatives—the second highest majority on record for Australia, the higbest at 55 seats, was won by Mr. Fraser in 1975.

Preferences

The opposition Labor Party, led by Mr. Bill Hayden, needs an across-ine-ooard sweep of 6.1 per cent to win.

Although labor is ahead in the opinion poll on a first-past-the-post hasis, it trails the coalition wben preferences of minor parties are taken into account. The House of Representatives is elected on a preferential voting system.

Labor has already announced its campaign slogan "Raise the Standard" and will campaign on "the erosion in family living standards" in the past five years and unemployment, at present 5.9 per cent. It will also attack the Fraser Government's policy of pricing domestically-produced crude oil at world prices, and bas promised a 12-month freeze on petrol prices, if elected.

Mr. Fraser has not announced his campaign strategy beyond previous statements that the Government will be standing on its record of "responsible" economic management. The coalition is expected to campaign on broad national issues sncb as resource development and defence.

Charismatic

Mr. Bob Hawke, the charismatic former President of the Australian Council of Trade Unions, who consistently outpolls both Mr. Fraser and Mr. Hayden as the pnblic's choice for Prime Minister, will enter Parliament for the safe Labour seat of Wills in Victoria.

If Labour wins, Mr. Hawke will be Minister for Labour. If it loses, he is expected to challenge Mr. Hayden for the leadership. An election for half the Senate will also ba held on October 18. The 64-seat Senate is elected for a six-year term, half its number coming up for re-election every three years.

Mr. Fraser is expected to lose his present majority in tha Senate, with the balance of power after the election belng held by four or five Australian Democrats led by the former Liberal Minister, Mr. Don Chipp.

Mr. Malcolm Fraser

Iraq claims victory in border skirmish with Iran

BY PATRICK COCKBURN

IN A significant escalation of the border skirmishing between Iraq and Iran, Iraq claimed yesterday to have liberated 50 square kilometres of its territory on the border with Iran.

The Iraqi Defeoce Ministry claimed that it bad destroyed three Iranian planes, including a Phantom jet fighter, and 29 tanks in fighting around the Iranian border crossing of Qasr-e-Shirin. It claimed that Iraqi losses included three tanks, three troop carriers, six soldiers dead and 14 wounded.

Over the past six months, the Iranian authorities have frequently given colourful accounts of fighting with the Iraqis in the border region which diplomats in Tehran have usually discounted as heing besvily exaggerated.

In Tehran yesterday, the army claimed to have shot down three Iraqi aircraft and to bave lost one of their own helicopters.

Mr. Saddam Hussein, the Iraqi President, said recently tbat be does not want a wider war with Iran, and claims no territory other than that which bas been taken under old treaties which are not accepted in Baghdad.

The wedge of territory in which the fighting is taking place appears to be that allocated to Iran by a treaty signed with Iraq in 1937. The area is broken bill country on the edge of the Mesopotamian plain inhabited by tribes of uncertain allegiance.

An Iraqi Defence Ministry official said yesterday that Iraqi soldiers "had liberated all the Iraqi territories which the Iranian authorities had failed to return in compliance with international agreements."

In the past, the Iraqis have given beavy support to Arab separatist guerrillas in the Iranian oil province of Khuzestan. Earlier in the year, Iran attributed the takeover of the Iranian Embassy in London to the Iraqis.

Iraq has also given some financial and military support to dissident Kurdisb tribes west of the city of Kermansbah. Some arms are believed to have gone to Kurdish rebels fighting the Iranian army further north.

Iran has responded by supporting the anti-Government groups in Iraq, notably dissident organisations among the Shiah sect who make np more than balf of the Iraqi population. The Government in Baghdad and the ruling Ba'ath party is predominantly Sunni.

In response to the threat from its own Shiah population, the Iraqi Government has expelled almost 40,000 people, mostly from the Baghdad area.

Both Tehran and Baghdad have conducted vitriolic propaganda campaigns against each other but in the past appear to bave tried to keep the fighting to the level of border skirmishing.

Japan warns on oil shortages

BY RICHARD C. HANSON IN TOKYO

JAPAN'S SENIOR representative to the International Energy Agency (IEA) said yesterday that world oil shortages will make it difficult for Japan to reach its 1985 target for oil imports of 6.3m barrels a day.

Mr. Naohira Amaya, a Vice-Minister for International Trade and Industry, warned businessmen not to count on the availability of that mncb oil in formulating strategies over the next few years.

Under present IEA projections, agreed at the 1979 Tokyo summit meeting, Japan's imports of oil were expected in 1985 to rise by about 17 per cent from the present 5.4m barrels a day "ceiling" on imports.

Japan's imports this year are already falling below the 5.4m b/d levels mostly because of slackened demand, but in future supply shortfalls are likely to re-emerge as the main problem.

Mr. Amaya said the Government bas not yet considered revising its economic growth projections to account for the possibility of less oil availability.

Private studies have indicated that constraints on energy supplies, including oil, will mean slower rates of growth than officially projected at present.

At the time of the Tokyo summit meeting, Japan was allowed to project a sharper rate of increase in oil imports by 1985 than tha other participating countries.

The U.S. and West Germany expected imports to level off, while the UK will become an exporter. Italy and Canada expected to increase imports but by smaller amounts than Japan.

Meanwhile, Japanese oil importers report that there has been no progress in reopening oil imports from Iran. Shipments were stopped in April when the Japanese and other international oil companies refused to accept an increase in the price of Iranian crude to $35 per barrel. Since then, a softer market for spot crude has made the offer even less attractive.

The Ministry of International Trada and Industry (MITI), however, believes thare will be no problems with supplies this year as tha country enters the peak period of winter demand. Japan's stockpiles of oil are now well above the 100-day supply level.

Reuter reports from Tokyo: A fleet of eight Britisb warships, including the 5,440-too guided missile destroyer Antrim, arrived off Japan yesterday and made port calls at Tokyo, Yokobama and Yokosuka.

Kenya halts Uganda coffee

By John Worrall in Nairobi

KENYA bas balted shipments of Uganda's vital coffee exports through the port of Mombasa, Ugandan officials said yesterday.

The move is the latest and most serious sign of deteriorating relations between the two countries at a time wben growing security problems have made it increasingly unlikely that the ruling six-member military commission can fulfil its pledge to hold elections by the end of this month.

Kenya Press reports have blamed the stoppage on inadequate security along the rail and road route through eastern Uganda. The bulk of the estimated 120,000 tonne crop, wbich provides over 90 per cent of Uganda's export earnings, is shipped through Kenya to Mombasa.

Officials at the Coffee Marketing Board (CMB) add that even if the route were reopened, a strike by more than 1,000 workers at a major processing plant nesr the capital, Kampala, would balt loading.

Uganda says that 154 wagons, 85 of them containing coffee, are waiting at the Uganda border town of Tororo.

Recent weeks have been marked by sharp exchanges between the two countries. President Daniel arap Moi of Kenya has been highly critical of the military commission's inability to restore law and order.

His broadly capitalist Government looks with alarm on the prospect of the former Ugandan president, Dr. Milton Obote, returning to power and reintroducing socialist policies.

Shortly after taking office, Mr. Paulo Mwanga, chairman of the military commission which overthrew Presideot Godfrey Binaisa in May this year, promised all-party elections and a return to civilian rule by the eod of September.

Kim denies prosecution charges

Defence lawyers yesterday denied prosecution charges that Kim Dae-Jung had tried to overthrow the South Korean Government, Reuter reports in a censored dispatch from Seonl. Earlier, martial law prosecutors had demanded the death sentence for the former Presidential candidate, and sentenees of three to 20 years' jail for 23 other accused.

OPEC aid call

Indonesia would like to see aid from tha Organisation of Petroleum Exporting Countries (OPEC) more equitably distributed, Mochtar Kusumaatmadja, the country's Foreign Minister, said, Reuter reports from Jakarta. Speaking after a briefing with President Suharto on next week's OPEC meeting in Vienna, the Minister denied the organisation was paying insufficient attention to the needs of the developing world.

India security move

Security measures on the border between the north-eastern Indian State of Nagaland, and Burma, are to be stepped up, after recent clashes between rival Naga gronps in which at least 22 people died, Reuter reports from New Delhi. In the latest clash, 10 members of a pro-Communist Naga guerrilla gronp which crossed from Burma were killed in an ambush.

UN $50m for China

A United Nations agency has agreed to give China $50m to help its population control programme, AP reports from Pcking. Under the accord, the UN Fund for Population Activities will allocate $14m to help China'a first national census in 15 years, schednled for next year.

S. African black guerrilla reprieved from execution

BY QUENTIN PEEL IN JOHANNESBURG

THREE South African jndges yesterday reprieved a black nationalist guerrilla, James Mange, from a death sentence for bigh treason, following an international campaign for clemency.

The death sentence for treason — the first to have been passed by a South African court for 30 years — was overruled by the Appeal Court in Bloemfontein, South Africa's supreme court of appeal. Mr. Mange had been convicted on charges of plotting to attack a police station. He will now serve 20 years in jail.

Mr. Justice Rumpff, Chief Justice, agreed that the death sentence bad not ordinarily been imposed in South Africa for high treason, which "mostly originated from situations in which military forces were only engaged against persons who conld be called rebels."

But he said that the politically motivated violence of recent years could only be called terrorism, and as such, a change in tbe attitude of the courts to high treason would not be nnjustified.

The sentence on Mr. Mange, a member of the banned African National Congress, caused an outcry in South Africa and internationally, bacause he was not found guilty of any murder.

His reprieve coincides with a new trial of nine ANC members, charged with taking part in or planning an attack on a police station and the seizure of civilian bostages in a Pretoria bank in February.

Alcohol-petrol goes on sale soon

A BLEND of petrol and alcohol is to go on sale in South Africa from next month, in the latest move aimed at reducing South Africa's dependence on imported crude oil, Mr. F. W. de Klerc, Minister of Mineral and Energy Affairs, announced last night.

The blend would be sold in place of normal premium grade petrol at selected petrol stations throughout the Witwatersrand area, South Africa's industrial heartland, he said.

As additional volumes of alcohol become available, the marketing area and the number of filling stations will be enlarged.

The move is the latest step in South Africa's campaign to reduce its dependence on imported crude oil, in addition to its investment in the three Sasol oil-from-coal plants. Several plants are on the drawing board for a big increase in the production of methanol in South Africa, including a plan to produce an annual 1bn litres a year by tha AECI chemical group, Shell South Africa, and the Anglo-American Coal Corporation.

ENERGY REVIEW: WORLD ENERGY CONFERENCE

BY RAY DAFTER IN MUNICH

The case for a balanced mix of fuels

WHEN THE World Energy Conference opened in the 1972 Olympics host city of Munich at the start of this week, it was told by the Lord Mayor that they were taking part in the "Energy Olympics." But there was no celebration, no rejoicing: in this Olympiad there was only sombre recognition that energy is the most dangerous obstacle in the way of world peace and economic equilibrium.

Chancellor Helmut Schmidt of West Germany set the tone when, in a heavyweight opening address, he described energy as not only a "central problem of human coexistence but also of the future of mankind as such." Developing countries in particular were being crippled by high oil prices, he said. The West could help, by taking the pressure off oil demand and by developing alternative forms of energy.

Coal was once the dominant fuel. Today oil accounts for 52 per cent of world energy needs. But Chancellor Schmidt made it clear that in future there would have to be a mix of fuels: coal, oil, gas, nuclear power and renewables. It would be "economically wrong and ecologically fatal" to concentrate on one energy source he said.

The need for such a broad brush approach was demonstrated in the scores of papers and speeches delivered this week. Take the case of coal which now provides a little over a quarter of the energy needs. It is conceivable that coal supplies could double by 1990 and triple by the end of the century when production might be around 5.8bn tonnes.

There is plenty of coal about. Proven reserves of hard coal and lignite stand at more than 3 trillion (million million) tonnes—almost 24 times the equivalent for oil. But major energy consumers have to be persuaded to switch to solid fuel, a change which is taking much longer than the world coal industry would like. And time is running out if the hoped for high growth rates for coal use are to be achieved. All major coal projects have long lead times and, as explained in last week's Energy Review, it takes at least five to ten years to put a major coal expansion into high gear.

Development of a world trade in solid fuel, in particular in steam coal, is essential for this rejuvenation of the coal industry. Total international trade is expected to grow by four or five times to 1bn tonnes a year by AD 2000. Steam coal trade might grow by 10 to 15 times.

To achieve this level of trade coal companies will have to order something like a thousand ships, of some 100,000 tonnes dwt, each costing around $40m. New ports, terminals and rail facilities will have to be built. The U.S. especially will have to carry much of the burden of this trade expansion. The logistics are awesome.

The development of the U.S. coal industry might require nearly 700 new mines during the next 20 years, the construction of 10 1,000-mile long slurry pipelines, and 8,200 new railway trains, 300 barges and 16,000 lorries. The cost of all this is put at $116bn (in constant 1977 dollars). No wonder Mr. Michael Parker, director of Britain's National Coal Board's central planning unit, was moved to comment: "Whether the U.S. will in fact make large export tonnages available is a crucial question in the development of steam coal trade."

The natural gas industry is also expecting, or at least hoping for, a continued increase in world trade. In the past decade international deliveries have almost quadrupled, to 150m tonnes of oil equivalent (toe) and on the basis of present supply contracts they will rise by a further 60 per cent by 1985.

Because of the special nature of this trade—it requires purpose-built facilities for each trading route, whether by pipeline or by LNG carriers—there are particularly close ties between the exporting and importing parties. This should provide a greater degree of security than with other energy supplies. But, as has been seen in the recent pricing rows between the U.S. and Algeria and between France and Algeria, supplies may not be wholly assured.

What is more the growth of the LNG trade could be blunted by groups opposing the construction of facilities on environmental and safety grounds.

[A constant complaint heard in Munich has been that major energy projects have been delayed or scrapped as a result of environmental pressures. It was with an air of some disdain that many of the delegates ignored the small knot of anti-nuclear protesters, demonstrating in a mild manner outside the Olympic Stadium during the opening ceremony.]

Nuclear power was seen by most conference delegates as a cornerstone of any world energy policy. Dr. Ulf Lantske, executive director of the International Energy Agency, said that to achieve a reasonable energy balance—with less dependence on oil imports—nuclear output in developed countries must increase 2½ times by 1990 and five times by AD 2000. According to World Energy Conference forecasts nuclear power could provide almost 13 per cent of total world energy production by the turn of the century and a surprising 31 per cent by AD 2020. (This compares with less than 1 per cent in 1972). If the AD 2020 projection became fact, nuclear power could then be providing three times as much energy as oil.

But will this all come about? On the positive side, in the past three years 34 reactors with total capacity of 28.5 gigawatts have been commissioned in the western world. Nuclear growth is running at 9 per cent a year and, on the basis of current plans, by 1985 energy production from nuclear plant in OECD countries could reach the equivalent of a quarter of total oil imports.

However, a brake has been applied to this trend in the West. In the same three years 36 plants (34.4 gigawatts) were ordered while 48 projects (50 gigawatts) were cancelled, 32 of them in the U.S.

Dr. Lantske pointed out that last year only seven units began operation, were under construction or were ordered world-wide. However, he is still hopeful. There were already signs of opposition to nuclear power receding in Europe. "I am convinced that within the next 10 years nuclear energy will be a publicly accepted technology."

The plight of the non-OPEC developing countries has been a matter of paramount concern in Munich. For there has been a general recognition that by moving too slowly away from oil dependence the West has underpinned OPEC's demands for higher prices. This in turn has led to Third World countries having to spend far more than they can afford on their own relatively modest oil imports.

Chancellor Schmidt provided the telling example of Costa Rica. In 1972 its people could buy one barrel of oil by selling 28 kilogrammes of bananas. Today Costa Rica has to sell 420 kilogrammes to earn sufficient for the same amount of oil. A third of India's proceeds from exports were needed for oil, he said. In the case of Brazil the proportion was 40 per cent, for Turkey it was 60 per cent.

The development of renewable energy—solar power, wind and biomass (plants for fuel) —and nuclear power will obviously help to meet the Third World's fuel needs. But there was a general conference consensus that oil would remain the most effective "energy carrier" for the poor countries striving to raise their living standards in the next few decades.

The developing countries' oil needs could add pressure to the already tight supply and demand pattern. Total Third World energy demand could grow from 445m tonnes of oil equivalent (toe) in 1976 to over 5bn toe in AD 2000 and 10bn toe in AD 2020 according to conference estimates. The growth will arise for two basic reasons: the massive rise in population (world population is expected to increase by 50 per cent in the next two decades, some 90 per cent of this rise in developing countries) and through improved living and working conditions.

The per capita consumption of the Third World could rise from 0.6 toe in 1976 to 1.1 toe in AD 2000 and 1.5 toe in AD 2020. Not that this is anything to shout about. During the same period the average person in an industrialised country is likely to increase his consumption from the present 5 toe to 8 or 9 toe. So the gap between rich and poor will widen.

How will the Third World pay for its imported oil? This year developing countries will pay $35bn more for oil than in 1979. Will OPEC and the Communist countries provide more financial aid to cover these and future price increases, as Chancellor Schmidt would like? And who is to help the Third World fund its energy investment which is expected to form a substantial slice of the $10 trillion (million million) to be spent on world fuel and power projects over the next 20 years? According to recent projections by the OPEC secretariat, non-OPEC developing countries will have to spend $228.7bn on energy projects between 1978 and AD 2000. Some $155bn of this could be spent on oil-related projects.

Will the oil be available? At least 38 of the oil deficit Third World countries have prospects of finding significant quantities of oil or gas. But they will need the technical help of major oil companies which are neither favoured nor encouraged by many of the governments concerned.

There seems little alternative in the short run to developing countries continuing to rely on imports. Here is the rub. OPEC expects that over the next five years demand for its oil will, at best, drop by only 7 per cent from last year's level, at worst increase by almost 16 per cent. What is more significant, OPEC's share in world production is likely to increase given either case. The warning of higher prices is evident.

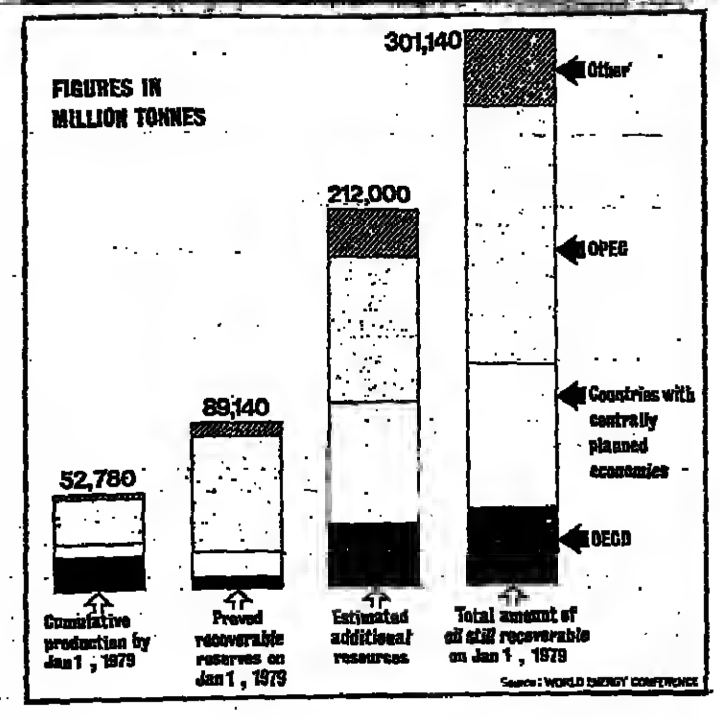
The world is still heavily indebted to the oil producers. As conference delegates depart from Munich at the end of this week's session today they should be asking themselves whether, in the three years since the previous conference in Istanbul, sufficient progress has been made in restructuring and securing world energy supplies. If they are honest, they will answer no. And if more progress is not made before the next World Energy Conference they will have to answer to the Third World. Fittingly, that meeting will be held in New Delhi.

CRUDE OIL PRODUCTION 1979 and 1985
(million/barrels per day)

Area	1979	1985 projections
OECD	15.3	14.4-16.9
of which: United States	10.7	9.1-10.3
Canada	1.7	1.5- 1.7
Western Europe	2.5	3.5- 4.5
Japan	—	—
Australia/New Zealand	0.4	0.3- 0.4
Less Developed Countries	5.3	7.2- 9.4
of which: Latin America	3.0	4.3- 5.5
Africa	0.9	1.2- 1.7
Asia and Middle East	1.4	1.7- 2.2
OPEC	31.3	29.1-36.2
Total world excluding centrally planned economies	52.0	47.7-58.5
Net exports from centrally planned economies	0.8	0.0- 1.0
Total available free world oil	52.8	47.7-59.5
OPEC percentage share in total world	59.3%	61.0-61.9%

* Figures include natural gas liquids — Source: OPEC

OIL: Total Amount Still Recoverable



APPOINTMENTS

Sales director for Ford of Britain

Mr. Roger Humm has been appointed director of sales, FORD OF BRITAIN, from October 1. He succeeds Mr. Sam Toy, who earlier this week was appointed chairman and managing director. Mr. Humm has been group director, Northern European sales, Ford of Europe, since 1978. He joined Ford as a graduate trainee in 1960 and gained company experience first as an analyst in the business management department. He went to Ford of Europe in 1975 as manager of advertising and car merchandising, where he played a major role in the launch of the Fiesta, and became group director, Northern European Sales in November 1978. In his new job he assumes overall responsibility for all Ford car and commercial vehicles sales in Britain.

Mr. Roger Humm

★

Mr. Anthony Shrimsley has been elected chairman of CAVENHAM COMMUNICATIONS and continues to be the editor in chief of Now! magazine.

★

Mr. Ian H. F. Findlay, who was chairman of Lloyd's in 1978 and 1979, has succeeded Mr. Francis Perkins as chairman of the BRITISH INSURANCE BROKERS' ASSOCIATION.

★

The Trade Secretary has appointed Mr. Barry Norman and Mr. David Puttnam as members of the Board of the NATIONAL FILM FINANCE CORPORATION for not more than three years from October 1. He has also reappointed Lord Remnant from the same date. At Lord Remnant's request his reappointment is for a period of one year only.

★

Following the acquisition by LAWSONS (WHETSTONE) of the Silicate Company, Hemel Hempstead, Mr. J. E.-M. Lawson and Mr. W. P. Gilmour have been appointed to the Board

★

As part of a planned management transition, Mr. John J. Nevin, has been elected chief executive officer of THE FIRESTONE TIRE AND RUBBER COMPANY succeeding Mr. Richard A. Riley who will reach the mandatory retirement age of 65 next March. Mr. Riley will remain chairman and Mr. Nevin will continue as president and chief operating officer, the position he has held since joining the company last December.

★

Mr. Derek J. Thomson has been appointed to the Board of BRADMAN LAKE SALES.

★

Mr. Richard Fothergill has been appointed full-time director of the £9m microelectronics development programme for schools and colleges announced in March this year. The appointment, made by the Education Departments of England, Wales and Northern Ireland, will be from November, 1980, until March, 1984. The director will plan and manage a programme of co-ordinated projects under the supervision of the Education Departments. The Council for Education Technology will provide administrative and accounting services. Mr. Fothergill is at present head of PETRAS (Polytechnic Educational Technology Resources and Advisory Service), the educational development unit at Newcastle Polytechnic.

★

Mr. D. W. R. WRIGHT has been appointed company secretary of JOHNSON, MATTHEY AND COMPANY. He succeeds Mr. K. A. Venus who has retired after 47 years with Johnson Matthey, 15 years as company secretary. Mr. Wright has also been appointed secretary of Matthey Finance and Matthey Rustenburg Refiners (UK). He will continue as a director of Johnson Matthey (Nominees) and as secretary of Johnson Matthey Services, Johnson Matthey Investments, Johnson Matthey Estates and Johnson Matthey in the Irish Republic. On September 30 he will relinquish his appointments as secretary of Johnson Matthey Metals and Johnson and Sons' Smelting Works. Mr. I. D. Dewar has been appointed secretary of Johnson Matthey Metals, Johnson and Sons Smelting Works, Star-Link Chains and WSA Components.

AMERICAN NEWS

U.S. go-ahead for sale of military goods to China

BY DAVID BUCHAN IN WASHINGTON

THE CARTER Administration has approved about *400* export licences which would enable China to huy U.S. *military* technology. In return lt hopes to buy light-weight, heat-resistant metals from China for aircraft manufacture.

Thia was disclosed by Dr. William Perry, the U.S. Defence Department's top research and development official, who has been leading an American delegation in talks with the Peking government this week in the Chinese capital.

These constitute a further sharp change in the relationship between Washington and Peking, started in earnest with the trip to Peking last January of Mr. Harold Brown, the U.S. Defence Secretary.

The relationship has heavy political overtones, not least to the *Soviet Union which* aince its invasion of Afgbanistan has no longer been treated by Washington as on a par with Peking.

But *Dr. Perry said this week* the Chinese understood the *U.S. was* not prepared to sell them military weapons outright. In fact, it was reported at last week'a Chinese People's Congresa that China had overspent its defence budget hecause of last year's war with Vietnam and *would curb* apending.

Dr. Perry noted that Ghina had "vast quantitles" of titanium, vanadium and tantalum, three metala used in aircraft manufacture but which are in relstively short supply in the U.S. But the Pentagon official *said talks on* this were *still* preliminary and he could not predict how much of the metals the Chinese were willing to aell.

Several months ago, the Carter Adminlstration announced lts decision in principle to sell China technology which had civilian-military use, such as transport aircraft.

This week Dr. Perry disclosed that the Carter Administration had given *Lockheed* the go-ahead to negotiate a sale of *C-130 transport aircraft* and Boeing to pursue talks with Peking m a possible sale of Chinook helicopters.

In addition, the defence official told tbe Chinese the Administration had no objection to their purchase of an advanced high-speed computer, offered hy Western Geophysical Company of Houston, to process data ln *China's search fnr* nll and gas.

Sawhill is synthetic fuels chief

By David Buchan in Washington

PRESIDENT Jimmy Carter has ended a long search for a head to the new Synthetic Fuels Corporation by naming Mr. John Sawhill, Depuly Energy Secretary, fnr the post.

At the same time, the President and Mr. Ronald Reagan, the Repuhlican challenger, have clasbed on the campaign trall over energy pollcy, and in particular over the oil company profits tax, whose proceeds will provide loans, guarantees and prlce supports fnr the new corporation tn bolster synthetic fnels.

Mr. Reagan claimed the windfall profits levy was "a bad tax," because it wonld rednce domestic nil prodnction. The Repnblican candidate has "again made an accnsatinn without checking the facts," Mr. Carter conntered, claiming that *this* year U.S. crude prodnction had *risen* in only the second year ln a decade.

The *President* is proud — his critics would say inordinately *so—of getting* the bulk of his hard-fongbt energy proposals thronsh Congress, and bas made them a prime feature of his campaign rhetoric.

The Administration has set $88bn (£36bn) as the eventual amount the SFC might spend to prnmnte the costly prodnction of synthetic nll and gas from coal and oil shale. This is highly *ambitious,* more than the comhlned cost of the 1960s *space* programme.

Pinochet to seek only one 8-year term

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet, the Chilean President, has announced he will not attempt to remain in office following the eigbt-year transition period provided in the proposed constitutional project submitted to a plebiscite yesterday.

The new constitution stipulates that no Chilean President may succeed himself, but an exception is made for the Head of State in office when the new constitution ls implemented.

Gen. Pinochet indicated he did not asplre to remain in office after 1989 but that the military government would continue in *Chile "while it is necessary for* the country."

More than 6.7m people went to the voting sites, beginning at 8 am. The first returns were announced about eight hours later.

Opposition leaders, such as Sen. Andres Zaldivar, Christian Democratic leader and former Finance Minister, have criticised the lack of electoral safeguards in the voting procedures.

Blanks were counted as "yes" votes in approval nf the proposed constitution. Those Chileans seeking to express npposition to the entire process by casting such ballots were inadvertently supporting the new constitution and the lengthy transitinn *period.*

Chile's military authorities announced that 11 bombings bad taken place ln Santiago on Wednesday, *with* small explosions near supermarkets, banks and shops.

Soldiers patrolled the voting sites to ensure order and to "resolve conflicts of ldentification." In order to ensure that no one voted twice indlviduals were required to stain one finger with lndelihle ink which would remain imprinted for at least 12 hours.

Peru bank strike ends

BY DOREEN GILLESPIE IN LIMA

A THIRTEEN-DAY Peru bank strike ended yesterday after banks agreed oo wage increases plus re-instatement of 50 union leaders wbo had been dismissed during strikes under the military regime which ended on July 28. Agreement was reached after Government mediation

Employees bave received an *increase of Soles 18,000 (£25)* a month plus a Soles 60,000 bonus each year tnwards their *child*ren's education. The union had been asking for a monthly increase of Soles 50,000.

Tbe civilian Government ls now faced by a threatened 48-hour strike at all the major mines on September 18 and 19. Miners are protesting against increasing cost of living—following recent increases ln fuel and transport—and demanding a *solution* to pendiog claims lncluding reinstatement of *workers dismissed*

Trudeau is firm on reform

BY JIM RUSK

MR. PIERRE TRUDEAU, the Canadian Prime Minister, is taking an unyielding stand in this week's constitutional negotiations here. lt appears unlikely he and the 10 provincial premiers will be able to agree on a reform package.

As the meeting passed the halfway mark yesterday the premiers and the Prime Minister bad not reached agreement on any of the issues discussed.

Mr. Trudeau has rejected provincial demands that Ottawa agree to a major devolution of powers to the provinces. He made a nod in their direction by nffering them the right to impose indirect taxes and a sharing of power over interprovincial and international trade — both changes which would strengthen provincial control over natural resources.

He may have appeased Saskatchewan and *British* Columbia, hut Alberta's Premier Mr. Peter Lougheed, with whom Mr. Trudeau'a government has been unable to strike an energy price agreement,' is adamant that Ottawa still has not offered enough. Alherta is the centre of the Canadian oil industry.

Nnr *does* it seem likely that the provinces will support Mr. Trudeau in *his main goals of* patriation of the constitution (at present a Britiah statute of 1867) the entrenchment of a Bill of rights, and the inclusion of a clause guaranteelng the free flow of people, goods and capital across the Canadian common market. Support for *patriation appears impossible* unless there is an agreement on an amending formula.

A Federal strategy memorandum leaked *during* the conference indicates that unless a *package is agreed this week* Ottawa will move quickly to unilateral patriation.

The timeahle suggested in the memo is a televised address to the nation by the Prime Minister on September 28 and the recall of Parliament on September 29 to consider a resolution of both houses addressed to the British Parliament, the traditional *means* by wbich Caoada loitiates amendments to the British North America Act.

Unilateral action could embarrass both sides. Westminster could find itself in a Canadian domestic sqnahble if, as seems likely, aeveral provinces petition London against the *Federal* resolution. Mr. Trudeau may try to outflank provincial oppositlon by hnlding a national referendum on constitutional change.

WORLD TRADE NEWS

U.S. Steel ends Italy subsidies dispute

By Paul Betts in New York

U.S. STEEL, the higgest U.S. steel prodncer, the International Trade Commlssion and Italy have settled a long-running *dispute over alleged* Italian Government subsidised *steel exports* to the U.S.

This follows a decision by U.S. Steel *to drop* its demands for import duties on several Italian steel prodncts which, the U.S. Steel prodncer claimed, benefited from unfair Italian Govermneot subsidies.

The *case against Italy dates* back to 1969 and involves a number of Itallan steel products including steel pipes, cables, ropes, nails, nuts, holts among others.

Bnt after reviewing the case, U.S. Steel said that it found its current product mix had changed as regards those specific Italian prodncts.

Thus, *after* weigbing the company's prodnct mix *against the current* level of Italian imports, U.S. Steel decided to *withdraw its* request for import duties nn these Italian prndncts.

Bnt U.S. Steel is pressing ahead with lts *dumping* charges against seven European conntries over European carhon steel imports in the U.S. In this mnch more *significant* case, Involving U.S. charges that European steel prodncers *have been selling* prodncts below cost in America, the U.S. and the Enropean countries are now seeking to work ont an ont of conrt settlement to the dispnte.

Caracas seeks Rome know-how

By Kim Fuad in Caracas

A VENEZUELAN delegation headed by Sr. Rlcardo Martinez, the Planning Minister, leaves for Italy today to discuss a wide range of economic co-operation projects based on a new policy nf *exchange* of goods and services *for* security of snpply of oil.

Sr. Martinez's mission will seek ways to incorporate Italian know-how and goods into the devclopment of the South American oil-producer's economy.

France, Australia in nuclear accord

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA and France have reached accord on a draft nuclear transfers agreement which would open the way for France to lmport Australian uranium, possibly up to 2,000 tonnes a year by 1990, or 20 per cent of its needs.

The draft was approved in Canherra yesterday by M. Andre Giraud, the French Minister for Industry and Mr. Doug Anthony, Australia's Minister for Trade and Resonrces.

Under Australia's safeguards *code, Australian uranium is* not to be used for military or explosive purposes and is to be reprocessed or resold only with Australian consent.

There is no disagreement over the non-military requirement, M. Giraud said yesterday. "We have no intention of using a *single gramme of Australian* uranium for our military programme."

But both sides have dodged the qnestion on Australian permission for reprocessing or resale. M. Giraud said France, like Australia, would not accept interference in its internal affairs.

When pressed on whether this meant France *would* not accept Australia's aafegoards requirements, he aald: "We can aay exactly where our pnwer plants are and how Australian uranium will be used. It is possible to find compatihility between *Australian policy* and French interests."

The draft agreement will ba shown to the European Commission in Brussels in accordance with Euratom policy. So far Euratom has not signed a nuclear agreement with Australia hecause of Australia's *insistence* on the *resale* and reprocessing provisions.

He also confirmed France's interest in participating in a uranium enrichment plant if Australia decides to go ahead with a project.

The Australian Government has received recommendations in favour of a plant from an expert committee hut because of the very strong anti-nuclear lobby in the country has not yet made a decision.

M. Giraud said France would be prepared to be a minority sharehnlder in an enrichment plant if it proved economical. In return for some of the plant's output, France would facilitate the transfer of technology

Renault 'reneges on Iran deals'

BY OUR FOREIGN STAFF

RENAULT'S contracts to supply car kits to Saipa, Iran's second *largest* car plant, have not been honoured, the Iranian company says. Renault, *however, refutes* the claim.

This has led to a drop in production from 130 cars a day before the revolution to 50 now. At this level of production the plant is losing £600 on each vehicle it sells, althongh the official selling prica has been increased to £3,100.

Prodoction of the Paykan car, assemhled from kits supplied by Talbot of the UK, has also *dropped, leading to unsatisfied* demand and black market prices for cars which are almost twice the official selling price.

Only Government subsidies now keep Saipa going and letters of credit for the knocked down kits from Renault are *opened* by the *Finance Ministry* itself and not by the Iranian company.

Last year the Iranian anthorities nationalised Renault's 40 per cent holding in Saipa and no agreement on compensation has heen reached.

Before the revolution the kits were supplied to Iran on a generous long-term payment hasis. Renault was nnable to continne this during the post revolutionary period hut the ccmpany asserts that apart from one *small* interruption, deliveries bave continued in spite of EEC sanctions.

Saipa, lika the rest of Iranian industry, has ben hit by *the* rapid increase in workers' wages. There is also a shortage of technically qualified staff after the expulsion last year of about 12 French experts following charges of maladministration.

Despite this, plans are going ahead to replace the 1100 cc engine used with a 1300 cc one, but this will depend on agreement on price between Renault and Saipa.

A major part of previous pro*duction* was the Iranian model of the Dianne but this has now ceased after a decision to assemble only the Renault 5.

Ferranti in Supertex agreement

By Elaine Williams

FERRANTI, the UK electronics and defence group, has entered a marketing agreement with Supertex, a U.S. electronics company, which will allow it to compete in a £500m-a-year market.

The company *has* acquired the marketing rights and tech*nology to manufacture high* power transistors which are widely used throughout industry. The market for these *unglamorous*, but vital, relations to silicon chips has been growing rapidly, and it is expected that hy the mid-1980s the world market will be £1bn.

Several million pounds have been invested by Ferranti in setting up a *manufacturing* facility for the new product and *the first* samples of the transistors are likely to be available early next year.

Ferranti Electrnnics says there is a large market in individual or discrete electronic components worth over £2bn a year desplte the trend towards integrated circuits — better known as silicon chips — which contain thousands of components.

In Europe 4.2 per cent of all *electronic products* are made using discrete components compared with mnly 37 per cent in the U.S., where designers bave access to the latest technology.

While silicon chips will eventually dominate the industry Ferranti said that there was still a suhstantial market for specialist components such as high power transistors which can never be replaced by chips.

Import scheme saves Lagos £56m

BY MARK WEBSTER IN LAGOS

THE INSPECTION of imports before they are shipped to Nigeria has saved the country *Naira 67.2m* (£56m) in the first six months of this year, the Nigerian Central Bank bas announced.

The Swiss company Société Generale de Surveillance which inspects goods for a number of African countries, inspected some Naira 2.16hn according to the bank's exchange control department.

The goods are meant to be checked at the port of loading by SGS for price, quality and quantity. The company is paid on the basis of the value of goods it inspects and received Naira 16.5m for the first half of the year.

The Central Bank said tha savings made by the inspection were principally on price reductions and the prohibition of "repatriable *commissions.*" The system of repatriable commis*sions is used* by Nigerian businessmen wanting to avold Nigeria's *stringent* exchange controls by having thelr commission paid abroad, officials said.

Since the scheme was introduced in Nigeria 18 months ago, the Central Bank says lt bas saved a total of Naira 134.3m in forelgn excbange. The bank has paid SGS a total of Naira 33m in commission.

When the scheme *was first* introduced it created bavoc throughout the economy because of the slow processing of forms by the Central Bank. But waiting time has been cut considerably since then, officials *say, and will be further speeded* by two measures introduced by the *Government in its April* budget.

The forms for the inspection clearance can now be processed hy the regional offices of the Central Bank and spare parts and raw materials are exclnded from inspection.

But the scheme still rouses suspicion or anger among many businessmen in Nigeria who see it as another delay in an already lengthy bureaucratic procedure when doing business with the country.

David Tonge, Diplomatic Correspondent, on the role of the International Finance Corp.

Channelling private funds into development

WHEN A Chinese delegation visited Washington to discuss *relatinns with the World Bank,* the International Flnance Corporation was, it seems, invited to attend almost as an afterthought. The World Bank (at length) and the Corporation (briefly) then set out their wares. But it was to the Corporation that the Chinese devoted at least half their questioning.

They saw the Corporation as a conduit for encouraging foreign investment, as indeed is its purpose. Two recent projects show how diverse lts activities are. The first is a $100m flat-glass plant in Mexico, in which the Corporation has told shares to hanks and — a new development — directly to two insurance companies. *The second is* a $2m salt-water shrimp farm in Costa Rica.

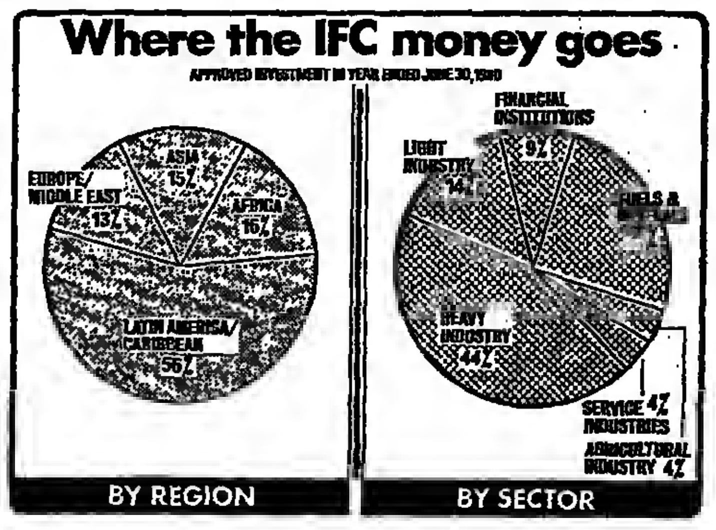
Private sector investment hy the Corporation in 1979-80 was $681m, up from $425m the previous year, according to the annual report published earlier tbis week. And more *than* half the investment projects approved in the last financial *year* were in the *poorest* countries.

But the report noted that private finance is the crutch on which developing countries must lean to support balance of payments deficits. Iodeed, 70 *per* cent of gross new loan commitments to the developing countries—$75bn—came from private sector capital.

The Corporation sets out to lead private capital into the *developing* world and this June had a portfolio of investments in 68 countries with a total dishursed value of $915m. If uodlshursed investments are *included*, this *figure* rises to $1.4bn, with the maio beneficiaries being Brazil ($204m), Yugoslavia ($140m), Mexico ($127m), and Turkey ($97m).

Projects may he started as a result of an approach from a potential investor, from a would-be local partner, or from a government. Often the Corporation, which drawa on the *research nf the World Bank,* itself identifies opportunities.

The Corporation aims to keep less than 25 per cent of a project, and traditionally haa hrought in other financiog institutions by selling them a share of its loan; it calls this "syndicating its participation." *Recently,* however, it has also hegun co-finaocing, hringing in other investors on their own terms. "The development reflects the growth of experience and capability abroad of the large banks," according to M. Pierre Biraben, the special assistant to the Corporation's chief executive.



The Corporation was set up 24 years ago. lts staff will accept that "in a sense there is a truth" tha it should invest in countriea where tha World Bank haa paved the way hy *developing the infrastructure necessary for industrial* nr agricultural schemes. But the Corporation's growth has been less marked than that of its parent.

The constraint on growth has not been a shortage of capital. At the end of June this year, its borrowings—mainly from the World Bank, which has a triple-A rating in the markets and can horrow more cheaply than the Corporation would he able *to—totalled* only *$500m,* of which $62m was undrawn. This is a mere quarter of the amount the *Corporatinn is allowed to* borrow under its statutes: these *specify that it can borrow faur* times its subscribed capital and earnings, which in June added up to $446m.

Instead, the main constaint is that its lending is "custom-tailnred," and each *project* requires large amounts of administration. In the past two years its professional staff has increased from 155 to 205. But the Corporation aays a shortage of manpower remains a limiting factor

This problem is compounded by its attempts to do more work in the poorer countries. In the year to June 1980, 29 per cent of its projects were in Latin America and 58 per cent in Asia and Africa. But the value of its projects in Latin America was almost double those in Asia.

The U.S., with 30.6 per cent of the Corporation's votes, and the UK, with *11.4 per cent,* dominate lt even more than they do the International Monetary Fund and the World Bank. But figures prepared hy the Corporation show that, for every dollar suhscribed hy the British gainad $10 worth of business

Latin America's exodus from Jerusalem alarms Israelis

BY DAVID LENNON IN TEL AVIV

ALARM BELLS are ringing in Israel since all the Latin American states with embassies in Jerusalem announced they would move their misaions to Tel Aviv. The 12 countries *made their decisions* in protest at the Israali law proclalming all Jerusalem, including the Arab half captured in 1967, as the nation's capital.

Twlce in the past 14 years, Israel has seen its diplomatic relations witb regional groups of nations suffer serious hlowa. *The first time* was in 1967, when all the Soviet bloc countries except Romania severed diplomatic tiea and the second time was in 1973, when most *black* African states closed their embassies.

Israel is hoping the Latin American states' decision to move out does not presaga a severing of diplomatic relations. Jerusalem officials *think* such action unlikely, although they would not rule out entirely the possibility that some Carihhean states might follow Cuba, which cut diplomatic links in 1973.

After the hreak with black Africa, Israel has looked to Latio America as an openlng to the Third World and a continent whose frieodship could alleviate Israel's growing lnternational isolation.

This friendship expresses ltself not only in voting patterns at the United Nations and support for Israel in international organisations, hut also in trade, which has grown five-fold in the past eight years.

Israel imported $161m worth of goods from Latin America in 1979, including desperately needed oil from Mexico and meat from Argentina. Exports to Latin America exceeded $75m last year, and iocluded an undisclosed amount of military equipment.

During the past decade Latin America bas hecome one of the most lucrative markets for Israel's military industries. because some of Israel's *clients* are military dictatorsbips, these sales of *military* equipment have also given rise to international criticism.

Worldwide publicity was given to Israeli *arms sales* to Latin America during the revolution in Nicaragua. The troops of the ousted dictator, President Anastasio Somoza, were seen on television screens around the world shooting revolutionaries with Israeli-made Galil assault rifles. Indeed, one rifle was later presented by the victorious revolutionaries to President *Fidel* Castro of Cuha.

A recent scbolarly study of Israel-Latin American relations hy three Hehrew Unlversity lecturers puhlished in the U.S. saya: "lt is estimated that *about* one *half of Israel's* total military exports are now sold to Latin America."

Because these exports are usually reported in official statistics as "metal products," "electronic equipment," "radio-*telegraphic apparatus*" and the like, it ia difficult to pinpoint the aales.

However, some items are puhlic record. The Israel Aircraft Industries openly advertises the fact that its Arava aircraft "ls now in service with a number of military operators —a majority of them in Latin American countries." lts mission capability includes: "Transport of 24 troops, para drop of 17 paratroopers. counter insurgency. border or marine patrol and cther pollce operations." Gustomers include Nicaragua, Guatemala, Bolivia, Honduras, El Salvador and Mexico.

Israel has also tried to sell the Kfir, lts Mach 2.3 comhat aircraft, to Latin America, hut despite *Ecuador's desire* to buy 24, the deal fell through hecause the U.S., which provides the Kfir's engines, vetoed the sale as liable to disturh the military halance. Lately, the French newspaper Le Moode reported that Israel is *bidding* against France to supply jet fighters to Colomhia.

Other weapons sold to Latin America, *according to foreign* press reports, include: patrol boats armed with Gabrlel sea-to-sea misiles (to Nlcaragua), *Shafrir air-to-air missiles* (to Chile), aod Galil assault rifles, UZI sub-machineguns and ammunition, and a *wide variety* of electronic and communication equipment.

The growth of this trade is hardly surprising, given the basic good relations hetween Israel and Latin America and Israel's success as a manufacturer of weapons which have *proved* themselves in *battle.* For the Latin American states, there is the added *attraction* that Israel is not a party to any of their regional disputes.

Latin American interest in Israeli military equipment began in tha 1960s. Between 1964 and 1971, Latin Americans made 160 visits to Israeli military *bases, defence industries* and related lnstallations, according to the Hebrew University lecturers' study. Well over a hundred visits were made by military personnel from 18 different states. In the 1960s these were mainly familiarisation tours. hut in the *1970s* they became more business-like.

Of course, *the traffic in visi*tors has not heen one way. Since 1953, when Mr. Moshe Sharett, the former Foreign Minister, visited the continent, a constant stream of Israelis has visited Latin America on both official and private vsits. Mr. Ahha Eban, another former Foreign Minister, visited Latin America seven times between 1960 and 1973. One of the more interesting of the recent trips was that to Chile and Argentina a couple of years ago hy Mr. Mordechai Zippori, the Deputy Defence Minister.

Brana Radovic

(Imports from Mexico exclnde oil)

Israeli diplomats are unhappy ahout the attention paid to the military *side of relations* with Latin America. They feel that focusing on this aspect gives an unbalanced plcture, and lndeed the statistics abow tbat Israel's purely commercial trade with the continent is flourishing. None the less, the *study* notes that arms sales since 1973 had "drastically" changed tha previous pattern of exports.

Mr. Menahem Karmi, bead of the Foreign Ministry's Latin American division, admits lt is regrettable that Israel bas to sell arms. "It would he better for Jews to sell prayer shawls and bibles," be commants balf in jest. But be adds that, as war and consequently a weapons industry were *forced on* Israal, It bas to sell arms if the military industry is to be viable.

That many clients are military dictatorships sparks Mr. Karmi to ask how many democracies there are among tha 150-plus members of the United Nations. "Why should Israel, in its diplomatic isolation, take the initiative in maintaining relations only with democratic countries?" he asks.

With the present wave of revolutionary activity, *especially* in Central America, Israel faces losing not only a customer if a client dictator is overthrown, but also his country's diplomatic support.

The ambassadors of 10 of the 12 Latin American countries moving their embassies were called in to the *Foreign* Ministry. Bnt, instead of the barsh denunclation of capitulation to Arab pressure which has been the feature of recent Israeli diplomacy towards Europe and the U.S., they were told that Israal hoped that relations would continue to remain friendly.

This, more than anything else, indicated the level of Israeli apprehension that Latin America may steal away from the camp of its friends, leaving Israel more isolated than ever.

Call to decrease fares on European air routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BUSINESS traveller paying an economy class fare on short-haul European air routes is being overcharged, and steps should be taken by Governments and the EEC to remedy this says the Air Transport Users' Committee.

In a study of European air fares the committee—the UK air travel consumer watchdog—says too many European airlines are overcharging passengers and sheltering behind international bilateral air agreements.

These agreements—between Governments at each end of any particular air route—create "formidable protection" for airlines, but none for passengers.

The AUC says this system of bilateral agreements needs drastic revision.

"Assuming that 26 Governments each have an agreement with the other 25, there are 325 pairs in the system—surely a formidable protection against the potential flood of air traffic demand.

"Even within the EEC there are 36 pairs (of agreements) and the three new intended members of the Community will increase this to 66."

The committee says the European Civil Aviation Committee, and the EEC have failed to produce a European civil aviation policy which would end the disadvantages of these agreements.

In the meantime, progressive airlines are denied cheaper fares. This means the full-fare economy class passenger carries on paying for the cheap-fare benefits others enjoy.

The committee lists examples of comparative U.S. and European fares which show that in every case the European rates are higher in terms of cost per mile.

"The AUC considers that the general monopoly position of airlines and airport and navigation authorities in Europe is thrusting a disproportionately higher level of fares on the regular air travellers.

"Indeed, it appears that such travellers are paying two or three times more than would apply if the U.S. competitive situations were to be introduced in Europe."

● A senior Conservative backbench MP yesterday called on the European Commission to appoint Sir Freddie Laker as a consultant on low air fares for the Community.

Mr. Hugh Dykes (Harrow East), chairman of the Conservative Group for Europe, said: "Sir Freddie is visiting the European Parliament next week and I therefore urge the Commission to appoint him as a consultant.

"I hope the Commission will consider this very seriously. He is the pioneer of low fares and knows more about this subject than anyone else."

Examples of comparative U.S. and European air fares in the AUC survey, in terms of cents per mile flown, are given below:

	Miles	U.S. cents per mile Europe	U.S.
Amsterdam-London	230	63	
San Francisco-Santa Barbara	263		22
Frankfurt-Rome	598	47	
Denver-Phoenix	590		17
London-Madrid	765	40	
San Francisco-Seattle	679		15
Brussels-Madrid	818	36	
Denver-Houston	876		14
Stockholm-London	908	41	
Los Angeles-Seattle	957		9
Stockholm-Rome	1,266	44	
Houston-Salt Lake City	1,225		10
Madrid-Stockholm	1,612	30	
Houston-San Francisco	1,641		11

Airlines will lobby against fees

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 20 of the major foreign airlines serving the UK are planning concerted action against British Airports Authority plans to further raise landing fees and other charges at its airports, including Heathrow.

Earlier this year, the UK airlines and other airport users, such as business aircraft operators, complained to the Department of Trade that rises in charges proposed from April 1 by both the BAA and the Civil Aviation Authority would add £100m to their bills for 1980-81.

In recent weeks, the BAA has made it known that it will be proposing further increases in 1981-82, probably on the basis of the current inflation rate plus 5 per cent, and it is this plan which has aroused the anger of the foreign airlines.

Their plan of campaign against the airports authority has not yet been settled, but a recourse to the courts is not ruled out, although direct political campaigning is also believed to be under consideration.

The foreign airlines are claiming that, if the new rises become effective, they will be expected to pay as much as $10,000 to land a fully-loaded Jumbo jet at Heathrow, the highest charge in the world.

The foreign airlines' anger comes against the background of a report from the House of Commons Committee of Public Accounts suggesting that the BAA ought to pay more of its profits to the Exchequer, keeping less for its own use

While recognising that the authority is well managed, the committee points out that the issue is "how much of the surplus achieved by an industry should be regarded as available for ploughing back in the industry itself, and how much should be paid to the Exchequer year by year as an additional cash return on the public shareholding in the industry.

"A balance has to be struck," says the committee. "In the case of the BAA it would seem to us more appropriate in future to require additional payments to the Exchequer, and to keep retained surpluses to a substantially lower level. But the issue raised is one which we suggest the Treasury should review in relation to nationalised industries generally."

BA plans to undercut Laker fare to N. York

By Michael Donne, Aerospace Correspondent

BRITISH Airways yesterday announced a fare of £77 stand-by single, London-New York, from October 1—the cheapest rate yet.

This undercuts the previous cheapest planned rate—Laker Airways' £78 single on the Skytrain to New York from October 15. British Airways' own previously planned cheapest rate was £82 single.

In addition to the cut on the New York route, British Airways will cut the stand-by fare to Miami by £3 to £81 single, and to Los Angeles by £6 to £108 single. These rates will prevail until March 31 next year.

British Airways will also offer a new "Pondhopper" rate, that will enable passengers to get a reserved seat (as opposed to the non-reservable stand-by fare) for £90 single to New York.

This again undercuts the planned Laker Airways' "super economy rate" to New York of £92 single.

British Airways said it would offer cheap bookable Pondhopper rates to Boston of £92 single, Miami £99, Philadelphia and Washington £103, Chicago and Detroit £129, Los Angeles £132 and San Francisco £134.

Laker Airways' comparable super-economy fares will be £101 single to Miami and £134 to Los Angeles.

British Airways said its Pondhopper rates would also be available from Manchester and Glasgow to New York for £90 single.

Sir Freddie Laker, chairman of Laker Airways, said last night that he did not intend to cut his own fares further to meet British Airways' challenge.

Courage joins list of brewers increasing prices this month

BY GARETH GRIFFITHS

COURAGE yesterday joined the list of brewers who have increased their prices this week by announcing rises of between 2p and 4p a pint.

Most brewers are increasing their prices by an average 2½p a pint either this month or in October. Inde Coope, part of the Allied Breweries, Scottish and Newcastle Breweries, Carlsberg, Guinness, Greenall Whitley and Tetley Walker have all announced price rises this week. The Courage price rise comes into force by the end of the month.

The increase means that a pint of bitter in London and the South East will cost more than 50p, although in the rest of the country the price will be up to 10p lower.

This geographical difference in prices appears to be increasing but ironically, beer sales have held up much better in the South than elsewhere.

Beer price increases have a strong impact on the Retail Price Index. Alcoholic drinks account for 8 per cent of consumer spending and any change works through to the figures fairly quickly.

Courage said it only increased prices when it was unable to continue absorbing costs. This was the first major rise since October last year and would be implemented on September 18 in its western region, and in the rest of the country on September 29.

The brewers expect the increase to lead to a slight fall in demand. The industry argues, however, that a rise now gives time for people to adjust to the new prices before the Christmas spending spree.

Licensees have protested to the brewers about the spate of increases. Their organisations have been arguing for a price freeze to boost flagging trade. In the last two months public houses have reported a drop in sales of between 10 and 20 per cent.

However, the decline in beer consumption has been considerably overestimated according to Mr. Colin Mitchell, brewery analyst of stockbrokers Buckmaster and Moore.

In a study of this year's beer consumption to be published next week, Mr. Mitchell concludes the fall has been about 2 per cent and that sales are likely to remain depressed for the rest of the year. The study blames the weather rather than the recession as the main cause for the fall.

Peers move on Welsh channel

BY ROBIN REEVES, WELSH CORRESPONDENT

THE INTENSE pressure mounting on the Government to keep its Queen's Speech pledge to establish a Welsh language television service on the new Fourth Channel was given a new twist yesterday.

Lord Cledwyn, a former Welsh Secretary and chairman of the Parliamentary Labour Party, said that with support of other Welsh peers he would table an amendment to bring the Fourth Channel legislation into line with the Tory manifesto promise when the Lords returns on October 6.

This is the day on which Mr. Gwynfor Evans, Plaid Cymru's president, said he would begin a fast to the death unless the Government relented. He demands a return to the original arrangement, whereby both BBC and ITV Welsh programmes would be concentrated in the Independent Broadcasting Authority's new channel when it opens in 1982, providing a 22-hours-a-week Welsh service.

In another development Mr. William Whitelaw, the Home Secretary, ruled out a referendum on the issue in a letter to Mr. Alan Williams, MP for Swansea West.

Lord Cledwyn's move in the Lords follows his meeting earlier this week with Mr. Whitelaw, Sir Goronwy Daniel, former principal of Aberystwyth University College, and Dr. G. O. Williams, the Archbishop of Wales.

Warning of danger of a breakdown of law and order if Mr. Evans died, they urged a "peace plan" under which the single Welsh channel would be tried for an experimental period.

Mr. Nicholas Edwards, the Welsh Secretary, said the plan would be considered very carefully. Lord Cledwyn's move suggests he thinks that the Government will not budge

Mr. Alan Williams said the Government was clearly slamming the door against any compromise. It must now either back down or share responsibility for unleashing the "mad men of violence" in Wales.

Support for the Welsh language TV campaigners came from Mr. David Steel, the Liberal Leader, who called on Mrs. Thatcher to keep her promise.

In a further protest 20 members of the Welsh Language Society occupied the HTV studio in Cardiff last night.

CBI seeks Government aid to help industry

By John Elliott, Industrial Editor

A CALL for the Government to take urgent action to help industry survive the current recession was issued last night by Sir Raymond Pennock, president of the Confederation of British Industry, on the eve of his Downing Street meeting today with the Prime Minister.

In a speech which marks the start of a tougher CBI approach to the Government's policies, Sir Raymond listed three main areas where industrialists want help.

These were a reduction in interest rates to help reduce the level of sterling, abolition of the national insurance surcharge which was a "tax on jobs and a burden industry could well do without," and cancellation of the four-month moratorium on regional development grants introduced last year.

Speaking to the CBI's Scottish region's annual dinner, Sir Ray also criticised the Government for not reducing public spending sufficiently.

"We have made particular representations to the Government on local authority spending, because of the excessive burden which high local rates throw on the business sector," he said.

These points will be spelled out when Sir Ray meets Mrs. Thatcher this afternoon to warn her of increasing concern and disenchantment with the Government's firm stand.

The CBI's attitude to Government policies will be debated in detail at its monthly council meeting next Wednesday.

But it will also be stressed that the CBI is still in favour of the Government's overall economic strategy.

Retailers to test for faulty shoes

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SHOE retailers have agreed to test new lines before they go on sale following an increasing number of complaints from consumers.

The Office of Fair Trading announced the agreement yesterday as it published a report monitoring the footwear industry's code of practice.

The report shows that in a sample survey last year 80 per cent of consumers' complaints related to faulty manufacture or materials.

The report also reveals that complaints to consumer advice agencies about shoes has risen from 22,000 in 1975 to nearly 32,000 in 1979.

The OFT, however, says that shoes still account for less than 5 per cent of all complaints about goods and services.

Office of Fair Trading looks for companies to investigate

David Churchill reports on the practices which may be liable for rebuke under the new Competition Act.

AN INVESTIGATION into anti-competitive practice by a single company is likely to be announced by the Office of Fair Trading within the next few weeks.

The investigation will be the third under the new Competition Act, which gives the OFT powers to investigate the trading practices of any private sector company. OFT officials have already begun work on the first two investigations announced last month — into TI Raleigh Industries and Petter Engineering — and their report is likely to be completed by November.

The OFT is considering a number of potential candidates for the third investigation but it unlikely to make a final decision until shortly before the inquiry is announced. This is because a company once it it aware that the OFT is considering a formal investigation, may perhaps be willing to amend its trading practice voluntarily.

A fourth investigation can be expected in October, but this is likely to be the last this year.

Since the Competition Act became law in April, the OFT has found it harder than expected to find suitable candidates for investigation. But hopes that once the investigations get underway more evidence of anti-competitive practices will be forthcoming.

The OFT is also concerned about the possible blacklash from companies being investigated at a time when most companies are finding it difficult to cope with the recession.

The OFT, therefore, has just published a free simple guide to the new legislation which aims to give some reassurance about what the OFT can — and cannot — do under the new law. The booklet also gives some practical examples of the type of anti-competitive practices by companies which are considered likely targets for investigation by the OFT.

The OFT has felt is necessary to explain these in some detail since the Competition Act gives no definition of what is considered to be an anti-competitive practice. This lack of a precise definition was to enable the OFT's investigations to be flexible and to prevent companies seeking ways around any specific set of criteria.

The OFT points out in its booklet that the general definition "recognises the importance of taking into account the individual circumstances of each practice by basing its test on whether a practice is anti-competitive, not on the form of the practice, but on its effect on competition."

Whether or not a company's practice is anti-competitive will depend, to a large extent, on the market position of the company. The larger the company's share of the market, the more likely it is for the anti-competitive practice to reduce competition.

The OFT has divided potential anti-competitive practices into two areas—pricing and distribution policies.

In the area of pricing policy the OFT has identified three possible abuses:

1—Price discrimination—this is the practice of selling goods or services at different prices to separate groups of customers, when there are no cost differences involved. "Some variants of price discrimination take the form of differential rates of discount or rebate from list prices—perhaps in return for loyalty or exclusive supply arrangements," the OFT points out. "An important variant arises where a purchaser's buying power enables him to insist that suppliers grant him advantageous terms, so artificially enhancing his ability to compete on price in the market in which he sells."

2—Predatory pricing — this is defined as "the practice of temporarily selling at prices below cost, with the intention of driving a competitor from the market, so that in future prices may be raised and enhanced profits extracted."

3—Vertical price squeezing—this can arise when a vertically integrated company controls the total supply of an input essential to the production needs of its subsidiary and competitors. "The input price can be raised and the downstream output price reduced, so that profits of competitors are squeezed, possibly with a view to driving them from the market."

In the distribution policy category, the OFT identifies six possible abuses:

1—Tie-in sales—this is a stipulation that a buyer must purchase part or all of his requirements of a second (tied) product from the supplier of the first product.

2—Full-line forcing — this requires a buyer to purchase quantities of each item in a product range in order to be able to buy any of them.

3—Rental-only contracts — these restrict customers to rental or lease terms only and which can be anti-competitive where there are no alternative methods of acquiring those goods.

4—Exclusive supply — this is when a seller supplies only one buyer in a certain geographical area, which limits competition between that buyer and his competitors.

5—Selective distribution—the practice of choosing as sales outlets only those which satisfy certain quantity or quality criteria.

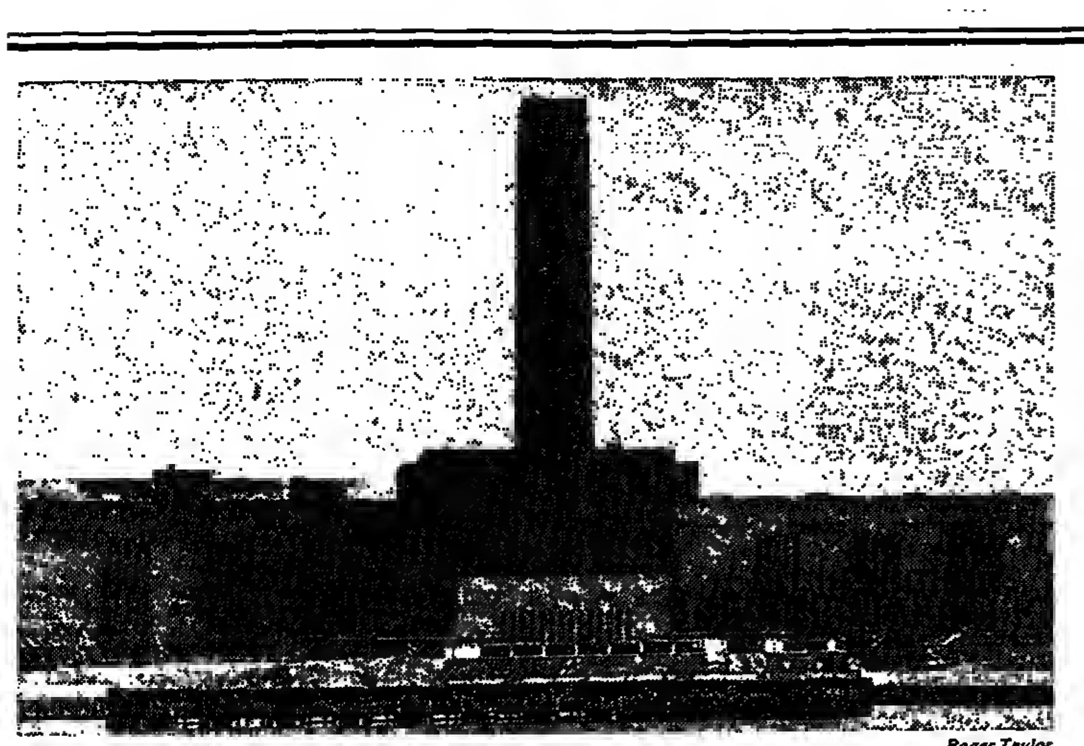
6—Exclusive purchase—this is when a distributor contracts to stock only the products of one manufacturer, possibly in return for an exclusive supply arrangement.

The OFT points out that as a consequence of these distribution practices, refusal to deal with certain companies is a likely result. "Refusal to deal can also be used to support other policies which might be anti-competitive, such as establishing a minimum price level by refusing to supply discounters." This is the basis of the current investigation into Raleigh.

"Anti-competitive practices," available free from the OFT, Room 600, Chancery House, Chancery Lane, London, WC2A 1SP.

UK NEWS

CEGB to 'mothball' 22 back-up power stations



Roger Taylor

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE Central Elecericity Generating Board will announce today that It intends to close or "mothhall" 22 power stations, in its biggest closure programme for years.

The plans will mean the loss of more than 3,000 jobs and mora than 3,000 megawatts from its net capecity of 57000 MW.

The unions representing the power station workers, which include the Transport and General Workers Union, the General and Municipal Workers' Union and the Electrical and Plumbing Tredea Union, fear that many workers will not find joba elsewhere on the system, and that most of those offered jobs will bave to travel long distances to take them up.

The stations to be closed or "mothballed" are: Ashford, Bankside (shown right), Barking. Blackwall Point, Croydon B, Little Barford A, Littlebrook C and Tilbury A in the south eastern region; Aberthaw A Plymouth and Uskmouth A in the south western region; Hams Hall B and Nottingham (2 units) in the Midlands region; Dunston, Huddersfield and Mexborough in north eastern region and Bold A, Bromborough, Fleetwood Ince A and Lister Drive in the north western region.

Merit order

Most of htese are small, oil- or coal-fired stations, which are well down the CEGB's merit order—that is, they are not brought into service except at times of high load.

The unions in the electricity industry have traditionally accepted the closure of older stations but have done so in the context of a growing system, in which alternstive jobs could be offereed to their members.

They are now faced with e system which is, contracting, where there will be real redundancies and few opportunities of easy relocation.

They believe thet many members will be reluctant to move, especially if the stations at which they are offered jobs are themselves low on the merit ordr and thus threatened with closure in a few years.

At their meeting with the CEGB earlier this week, the unions made e number af specific criticisms of the Board's plans. The CEGB is expected to respond to these criticisms at a further meeting, which has yet to be arranged.

Investments

● National Smokeless Fuels, the National Coal Board subsidiary, yesterday announced a £5.5m investment programme to aecure the future of Cwm Coke Ovens, near Pontypridd, the largest coke production unit in the South Wales coalfield.

The main construction contract haa already been awarded to Simon Carves of Stockport to rebuild two of the four betterles of ovens at the plant, which employs some 300 people. The programme will take 2½ years to complate.

Cwm, when operating et full capicity, produces some 325,000 tonnes of high grade metallurgical coke a year from 529,000 tonnes of locally produced coking coal. It goes mainly to foundries in the Midlands.

Mr. Don Davison, NSF's managing director, said the company was determined to see Cwm was given the capicity to stay in business in a substantial way and was in good heart to meet whatever competition it had to face.

"These are tough times for all sectors of British industry but we can only survive if we produce high quality at prices all our customers can afford."

It is planned to have both batteries back in operation by the end of February, 1983, giving the plant e further life span of about 25 years.

£2.5bn facelift for phone network

BY ELAINE WILLIAMS

BRITISH Telecom, the telecommunications side of the Post Office is to spend £2.5bn to accelerate the modernisation of Britain'a egeing telephone network, it was announced yesterday.

In five yesrs Britain's 30 major towns and cities will be equipped with the latest electronic exchanges known as System X.

By 1992 the whole country will be within reach of the system—up to two years earlier than originally planned. It will provide Britain with one of the most sophisticated telecommunications systems in the world, says British Telecom.

Yesterday the first fully operational telephone exchange was officially opened in London by Mr. Peter Benton, managing director of British Telecom. It was Installed in July to connect 40 local excbanges in London; more than 2.5m telepbone calls have heen routed through it, so far.

System X cost £150m to develop. Britisb Telecom and its three main supollers, Plessey, the General Electric Company and Standard Telephonas and Cables, installed the new exchange six months ahead of schedule in an effort to prove that Britain hed caught up with its rivals In the U.S., Western Europe and Japan. The comnanies bope the new system will revive their fortunes in export markets.

System X is a computer controlled excbange which converts telephone calls into a string of pulses and switchea them alongside computer date and telex in the same cbannels.

Instead of large banks of electro-mechanical switches, the System X exchange uses cheaper, silent siIicon chips. It is 20 times more reliable, occupies only 20 per cent of the space, can be built in half the time and allows the customer a wide range of facilities including automatic alarm calls, itemised hilling, and conference calls.

For several years System X will heve to work alongslde the old electro-mechanical designs, as the old exchanges are gradually phased out.

Mr. Benton said the maintenance cost of the completed System X network would be only balf that for the present system, aince fewer staff would ba needed to look after it. But this cost reduction was unlikely to be passed onto the consumer because of the need for investment In further improvements.

Fewer workers are also required for the manufacture of the new system although companies are reticent about stating the exact number. Manufacturers shed several thousand workers when orders for the older mechanical excbanges were cut three years ago. In 1976, the industry employed 36,000 workers with a forecast then thet this would be only 20,000 by 1980.

Last year the Post Office and its major suppliers formed British Telecommunications Systems to promote System X overseas. So far there have been no orders, although Mr. John Sharply, the company's managing director, hopes that some success will be announced within four to five months.

Britisb Telecommunications Systems bas said It wants 10 per cent of the available world telecommunications market, currently running at £1bn a year. In 1963, Britain was the world leader in telecommunications. Ten years later It dropped to fifth place, and today it is not among the major exporters.

Cost of flood defence up £420m

By Philip Rawstorne

THE ESTIMATED cost of the Thames tidal defences to protect London from flooding has nearly trebled to £650m, the Commons Committee of Public Accounts reported yesterday.

Inflation accounted for most of the £420m increase on the original estimate for the project of £230m in 1973, the committee said.

Ministry of Agriculture officials told the MPs that further cost increases were "regarded as inevitable."

The cost of the contract covering the construction of the harrier across the Thames at Woolwich, set in July, 1974 at £38m, had risen by December last year £248m.

Industrial disputes and other problems led to the renegotiation of the contract last year and the setting of a new target date for completion of December, 1982.

The committee welcomed assurances about the acceleration of work on the barrier and the downstream defences.

The odds against serious flooding in central London before the target completion date were still "uncomfortably short," it said.

Horizon widens holiday range

ANOTHER major package tour operator, Horizon, has followed Thomson Holidays in announcing a hig increase in its packages programme for next year.

Midlands-based Horizon plans a 1981 summer programme of 337,000 holidays—an increase of 15 per cent in capacity compared with this summer's programme. It will also fly from Gatwick Airport, from where It will offer 39,000 holidays.

Last month, Thomson announced e 1981 programme 20 pcr cent bigger than this summer's. Mr. Michael Knowles, Horizon's marketing manager, said yesterday that his company would not join in any price-cutting, even if the number of foreign package holidaymakers remains at this year's level because of the recession.

Growth in London tourism 'will slow'

THE NUMBER of overseas tourists visiting London during the 1980s is expected to grow much more slowly, from 8m last year to perhapa 11m or 12m a year by 1990.

"Growth in the number of domestic visitors, currently 12m, will also be mnch smaller," says Mr. Rodney Scrase, director of tourism of the London Tourist Board, in the board's annual report, published yesterday. Both international and domestic visitors are likely to stay in the capital for shorter periods of time.

Workers' co-ops takeover mooted

BY JOHN ELLIOTT

A £100M-A-YEAR plan for employees to have the legal right to take over their companies from shareholders and turn them into workers' co-operatives may be inclnded in the Labour Party's next General Election manifesto.

It was put forward yesterday in e discussion paper published by the party and will be debated in the coming months with other industrial policy proposals for a Labour Government.

The Government would provide the £100m funds to help workers oust their compenies' existing owners and managers, and there would be other provisions aimed at belping people set np worker co-ops.

This is the first time for many years that the Lebour Party has been urged to develop a radical stance and a formal structure for creeting co-ops.

It reflects some disenchantment with earlier industrial policies on nationalisation, and with the limited co-operative initiatives launched by the last Labour Government, which funded experiments at Meriden, KME and the Scottish Daily News on an ad hoc basis.

The new proposals are presented as a way of cutting down unemployment. They have been prepared in response to a resolution passed at last year's Labour Party conference.

Authors of the paper, led by Mr. Leslie Huckfield, MP for Nuneaton and a former junior Industry Minister, hope to gain support for their ideas in the party, which has been ambivelent in the past.

Trade unions have often opposed the Idea of co-ops, though the TUC was involved in preparation of yesterday's paper.

"We feel that more and more groups of shop stewards and trade unionists will refuse to heve their future decided in distant boardrooms of multinationals on the principles of profit maximisetion, irrespective of the human and social consequences," says the paper.

Co-ops would "have to make a surplus" if they were to survive, but they should have "other aims beyond generating profits." They should account for at least 5 per cent of the country's total industrial and commercial activity within e decade.

The paper proposes that the Co-operative Development Agency be expanded and given funds to invest in co-ops. A Co-operative Investment Bank would be set up, with a Co-operative Development Advisory Board to work alongside the Industry Department's private-sector Industrial Development Advisory Board.

Workers wanting to convert their employers' business into a co-op would heve the statutory right to do so, providing their plans were accepted by an unspecified majority of employees and approved as viable by the Advisory Board.

The Government could appoint an Official Trustee to guard the business while studies were made, to ensure it was not sold or closed by the existing owners.

A £100m-a-year fund would be set up under the Industry Act to provide capital.

Socialism in the 80s: Workers' Co-operatives. A Labour Party discussion document. Price 60p. The Lobour Party, 150 Walworth Road, London SE17.

Du Pont plans Ulster fibre plant closure

BY OUR BELFAST CORRESPONDENT

DU PONT is to close an acrylic fibre plant near Londonderry in Northern Ireland with the loss of 420 jobs.

The U.S.-owned company announced yesterday that the Orlon fibre facility would be shut by the end of tbe year because of mounting losses.

The plant is ooe of four on Du Pont's site at Maydown near Londonderry, where a total of 1,800 are currently employed in tbe manufacture of fibres and synthetic rubbers.

Du Pont said it had been unable to reverse the continulng losses incurred hy the Orlon plant. These amounted to more than $70m sioce the plant went into operation in 1968.

Extensive economies had been made in an effort to make the venture viable but they had been insufficient to reduce the deficit. The basic problem was over-capacity in the acrylic fibre business, the company said. This resulted in depressed prices throughout Europe. There was no evidence that the position would cbange in the foreseeable future.

In 1977 the Orlon plant at Maydown escaped tha axe, when because of over-capacity, Du Pont closed its Orlon facility at Dordrecht in Holland.

The company has also recently looked into the possibility of setting up a new £30m plant in Europe for the production of Hypalon synthetic rubber and Maydown was understood to be the favoured location.

However, announcement of a decision has been delayed several times and there are now doubts among the trade unions involved that the project, which employ 200, will ever go ahead.

CHUBB AND SON, tha securlty and electronics group, yesterday confirmed that it is to stop making cash registers st its Brighton fectory with the loss of 550 jobs.

Chuhb management met union representatives from the Amalgamated Union of Engineering Workers to inform them that the factory at Hollingbury, Brighton, would be shut as soon as possible. The 375 jobs at the factory will be lost and the remainder throughout Chubb Cash, the subsidiary involved.

Mr. William Randall, Chubb's managing director, said yesterday the company would continue to develop, produce and market casb dispensers. Full service facilitiea for cash registers would continne to be available to all existing users and there would be no question of a time limit on the availability of facilities.

Yesterday's decision bed been widely predicted since March. The company bad only 5 per cent of the UK market for cash registers.

THE RECESSION in the furniture industry bss forced Weyroc—a member of the Swedisb Metch Group—to close its chipboerd factory at Weybridge et the end of this year, instead of at the end of 1981, as originally planned. About 60 workers will become redundant.

THE Perkins diesel engine company at Peterborongh yesterday sent home, until September 23, 200 workers in its V-8 engine production plent et Fletton. Reduced demand for the engines is the explanation.

H. AND R. JOHNSON of Tunstell, Stoke-on-Trent, which produces tiles, is to make about 180 people redundaot at two factories in Stoke-on-Trent, the Royal Worcester Spode plant et Longton, Stoke, is to be closed, causing around 50 redundancies.

TALKS have started at British Steel Corporation's plent in Corby, Northhamptonshire, wbich could mean short-time working for some of the 5,000 workers employed there on tube making.

BSC is expected to make an announcement next week following the start of negotiations involving union officials at the plant, where nearly 6,000 workers have already lost their jobs througb the ending of steel making there.

'Reject the moderates' says Heffer

By Philip Rawstorne

MR. ERIC HEFFER, a leading Left-wing member of Labour's National Executive, last night called on the party to reject the moderates' ettempts to dilute its socialism.

In a speecb at Birkenhead, Mr. Heffer appealed for toierance and unlty et the forthcoming party conference. But he added that those who entered the arguments about party policy and constitutional issues with threats about leaving to form e new party if they did not get their way should be repudieted.

"If any individuals feel they cannot honestly accept conference policies and they want to join the Liberal or any other party, then they sbould do so and not try to turn Labour into the opposite of whet it was created for," be said.

"Those who see Labour's conference as a plece to manoeuvre, to thwart the forward thrust and socialist aspirations of the majority of party members, must be reslsted and defeated by democretic votes.

"Britain's problems—and the solutions required—are too severe to allow Labour's socialist aspirations to be rejected."

Bankers told of 'vast growth opportunity'

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE PERSONAL sector of the banking market provides banks with the greatest opportunity for growth in the 1980s, delegates to the Institute of Bankers' annual conference heard yesterday.

Tbey were told thet the country had a further potential market of about 11m eccounts, which might represent an additional casb throughput of about £40bn e year.

The points were msde in a paper prepared by the late Lord Armstrong, former chairman of the Midlaud Bank. It was read bv Mr. Malcolm Wilcox, one of the bank's two chief executives.

In the paper Lord Armstrong says thst bank managements must consider the possibility of peying interest on current accounts.

Before his deeth in July, lt is knowo that be hsd called for investigations in bis own bank ahout the way in which such a revolutionary change ln practice might be carried out.

"This woold be a msjor chaoge in fundsmental banking precticе io this country and would inevitably result in the banks having to adjust their current account tariffs upwsrds to cover the additiooel costs."

Lord Armstrong says that only 54 per cent of the adult working population is estimated to have a bank current account at present.

"The benks' primary bnsiness is to lend money, profitably, and the personal sector provides the greatest opportunity for growth, particularly in reletion to the introduction of new accounts.

"An increased personal-customer base provides an opportunity for remuneretive, higbly-automated lending, and lt is probable that the demand for borrowing fecilities will be the major infinence in developing the bsnking habit."

● Fewer bankruptcies and company liquidations were recorded in August, though seesonally adjusted figures show that the underlying trend in insolvencies remaios discouraging.

Compsoy liquidations for the month totslled 379, against 654 in July and 280 in August last year. The adjusted total was 600, a slight rise on July's 575 and sharply higher than the 383 liquidations of August, 1979.

Bankruptcies last mooth fell to 193 from July's 393, compered with 176 in August, 1979.

The figures come from British Business, monthly magazine of the Department of Trade. Previously, they hsve been released only for each qusrter.

Process industry chases orders

BY ELAINE WILLIAMS

THE British process plant industry hopes to win at least half the orders for Occidental Petroleum's proposed £825m investment in the UK, Mr. Harry Hornsby, director general of the Process Plant Association, said yesterday.

Occidental Petroleum bas announced three separate projects in the UK—for a floating production platform, a petroleum plant at Peterbead in Scotland, and e reactivation of its plants for a refinery at Canvey Island.

There is, however, much scepticism within the UK industry whether or not all three projects, especially Canvey Island, will go ahead.

Until the announcements of new investment, prospects for the process plant industry were bleak. Mr. Hornsby said that orders had been falling for the past 18 months, ss the industry was one of the first to be hit by the recession.

The process plant industry covers the food, drink and packaging industries as well as petrochemicals snd nuclear power. It bad equipment sales last year worth £2hn of which 30 per cent wss exported.

● NEI Clsrke Cbapman Engineering has won a £9m contract from the UK Atomic Energy Agency for the assembly of replacement tube hundles for tbe prototype fast hreeder reactor et Dounreey, Scotlaod. Tube bundles are part of the steam distribution system.

The contract involvea three superheater and three reheater hundles, with delivery hetween late 1982 and mid-1983.

Cash prizes for ideas

CASH PRIZES of £12,000, £5,000 and £3,000 will be offered by Greeter Manchester Economic Development Corporation, the county's promotional arm, in a competition aimed at stimulating business ideas.

Weekend seminars will be held at Manchester Business Scbool during the competition, called Greeter Manchester Enterprize, to provide information on "bow to turn a business idea into reality" and encourage people to consider starting e new business.

Later seminars will provide more detailed analysis and practical solutions on problems of forming a new business.

A short list of participants considered to have worthwhile projects will be offered a free 14-week intensive training course at the business school.

Each individual will receive a research budget of £1,000 with which to test the feasibility of his ideas; sources of supply; location of premises; and use of work apace and secretarial services.

Treasury appointment

BY PETER RIDDELL

A NEW Press Secretary to the Chancellor of the Exchequer and bead of the Treasury information division has been appointed.

Mrs. Rosalind Gilmore will take over next week from Mr. Peter Davies, who has been promoted to Under-Secretary on loan to the National Economic Development Office.

Mrs. Gilmore, aged 43, is now assistant secretary in charge of the financial institutions division on the home finance side of the Treasury.

As such, she was particularly involved in the preparation of last year's Banking Act.

Before that, her posts included periods at the World Bank, as privete secretary to Mr. Harold (now Lord) Lever and in the division of the Treasury involved with nationalised industry financing.

Origins of Britain's productivity problem 'lie deep in social system'

Peter Riddell looks at a major new study of the economy

BRITAIN'S economic malaise stems largely from its productivity problem. The origins of that lie deep in the social system, a group of leading U.S. and Canadian economists say in a study of tha UK economy published today.

They dismiss solutions based on either import restrictions or generalised incomes policies.

The study, sponsored by the Brookings Institution, the Washington research body, is a sequel to an analysis of the UK economy, *Britain's Economic Prospects*, publisbed in 1968.

This concentrated on the disappointing performance of the UK, especially its slow rete of economic growth, compared with other countries.

The new book, entitled *Britain's Economic Performance*, focuses on a narrower range of topics such as tax, trade union activity and financial markets. It also incorporates the comments of leeding British economists and policymakers following a conference at Ditchley Park in May 1979.

Richard E. Caves, of Harvard University and Lawrence B. Krause, of the Brookings Institution have edited the study. In their introduction and summary chapter they say: "One approach would strike directly at the productivity problem itself by improving industrial relations (if that were possible), by increasing individual incentives, by improving tha allocation of capital (for instance, to small firms) and the like."

"The other approach is less positive, but no less important, policymakers could do a better job of living within the constraint implied and convincing the people to do likewise. It is bad enough to endure relative impoverishment; it need not ba made worse by inflation."

The two editors examine the reasons advanced for this poor performance. They discuss whether the UK hea the poteotial for producing more from its current output.

They suggest that the fect that inflation has increasingly won out over real growth since 1973 puts tha existence of an output gap in question.

Similarly, they question whether the fight against inflation has been crippled by inflationary disturhances. Rudiger Dornhusch and Stanley Fischer of Massachusetts Institute of Technology say the relstionship between Britsb levels of spending and import damand is not out of line with that of other industrial countries. British imports and exports do respond to economic mechanisms.

While depreciation of sterling in the past has not reduced real wages for long the difficulty seems to lie in the domestic labour market rather than in some peculiarity of international trade.

Professor Ceves and Mr. Krause decline to "convict" British economic managers of "causing the disspointing economic performance through inept setting of the macro instrumants."

The individual chapters do not attempt an overall explanation of Britain's performance but concentrate on particular aspects. For instance, David C. Smith, of Queens University, investigates hoth the recent increase in trade union membership and the fectors explaining the rising trend of industrial disputes.

Mr. Smith finds that union membersbip rose in response to severe unexpected changes in inflation and the sssociated increase in the demand for unions' collective bargaining services.

The growth of unionisation has also been positively related to strike ectivity. And higher and more uncertain rates of inflation directly provoke an increase in strikes.

"To get the support of trede union leaders for curbs on inflation and strikes, Government may he willing to trade off some measures thst permit greater future organisational opportnnities for unions.

"To tha degree that the upward pressure on average wage rates is higher in periods of grester nnlon growth, these measures will produce even higher inflation rates than would otherwise occur."

Britain's reletively poor productivity performance is examined by Professor Caves who matcbes UK manufacturing industries with their U.S. counterparts.

"His resuits tend to confirm traditional hypotheses about the shortcomings of Britisb management and the obstinacy of British labour. The toll on productivity taken by poor labour relations is proportional not so much to union membershlp as to the disruptiveness of iabour relations (number of strikea and working days lost); and the problem is worse in the nation's older industrial regions."

The analysis implies that manufacturing activity in the UK will teod, in tha long run, to shift from industries most crippled by tha hasic sources of Britain's low productivity to those lese disadvanteged—from large-scale assembly industries to small-scale or process Industries and to industries using female labour forces.

Josepb A. Pechman, of Brookings, notes that althongh Britain'a tax system is famous for imposing high marginal rates on relatively modest levels of personal income, various mitigating features—such as a rather ligbt rate of effective taxation on corporate income—make the system not particularly progressive overall.

Mr. Pechman says the highest priority for tax revision in the UK should he to reform and simplify income tax. The tax hasa should ha hroadened hy removing the special provisions thet erode it. The revenua should he used to reduce the tax rates, particularly for wage and salary workers who are still subject to very high marginal rates.

In a special chapter on North Sea oil, Hendrik S. Houthakker, of Harvard, says not much time should be spent worrying about wbat happens when the oil runs out. Abundant experience suggests thst major oil fields usually have e long life—certainly longer than the 20 years often mentioned.

"On the other hand, there is little reason for the Government to hold back on development in the hope that the oil will be worth much more later on; such speculation should be left to the oil companies."

"The macro-economic consequences of North Sea oil appear to have been exaggerated. It will neither transform nor ruin the British economy.

"But, if efficiently managed—which means limiting Government involvement to essentials—can make an important contribution to the well-being of the Britisb paople, and indeed, of the wbole western world."

Marshall E. Blume, of Princeton University, says in general, Britain's financial markets are effective in allocating savings to optimal uses. But, there is valid cause for concern about whether the increasing role of financial institutions is limiting the sources of finance for small companies, traditionelly helped by individual savers.

Britain's Economic Performance, edited by Richard E. Caves and Lawrence B. Krause, published by the Brookings Institution and distributed in the UK and Europe by Basil Blackwell. Price £12 (hardback) and £4.95 (paperback).

Future of oil rig yard is in doubt

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE FUTURE of the Ayrshire Marine Construction oil rig yard at Hunterston, on the Firth of Clyde, now hangs in the balance following late-night talks on Wednesday between the company and union officials.

Mr. James Murray, general secretary-elect of the Boilermakers Union, and Mr. Ken Baker, the national officer for shipbuilding of the General and Municipal Workers Union, met representatives of the U.S. company Chicago Iron Bridge, which owns the yard, in London.

The company had earlier said it would close the yard because of its record of bad industrial relations. The yard's 900 manual workers are now entering the third week of a strike over alleged flouting by the yard's management of health and safety precautions.

Ayrshire Marine is building the bottom part of a £60m oil drilling platform for Phillips Petroleum, now running some months behind schedule and due to be completed by the summer of 1982.

Phillips is believed to have told Ayrshire Marine that it intended to move the platform to a yard in Holland for completion. The managing director of Ayrshire Marine, Mr. Bud Butterfield, would make no comment yesterday.

Mr. Baker said yesterday that he and Mr. Murray had strongly urged the yard's parent company to reconsider its plans to close the yard, which would mean a loss of more than 1,000 jobs. He said that both he and Mr. Murray would make determined efforts to improve the industrial relations there.

He said: "They are going to take away what we said, give it consideration and then come back to us. My impression is that they feel very strongly about it indeed."

Earlier this week, 48 workers who were picketing the yard were arrested by police and charged with public order offences. Some 40 pickets were at the entrance to the yard yesterday but there were no incidents.

Lay-off threat in Vickers dispute

By Our Labour Correspondent

VICKERS Shipbuilders, part of British Shipbuilders, said yesterday that it would begin lay-offs at its yard in Barrow from September 22 if a strike by 1,300 boilermakers is not ended by next week.

The management has discussed possible lay-offs with all the unions in the past week, and will seek further talks if the dispute continues.

Design and other work by white collar workers continues at the yard, but other grades are rapidly running out of work as a result of the action.

The dispute, now in its seventh week, concerns special payments to some groups of boilermakers, which the Boilermakers' Union says lie outside the national agreement on productivity payments.

The strike has already delayed the launch of a guided missile destroyer, HMS Manchester, and work on four nuclear submarines.

Shell claim includes BL car

BY GARETH GRIFFITHS,

COMPUTER, technical and supervisory staff at Shell UK's chemical plants have lodged a pay claim which is based on the Government's controversial Tax and Price Index and includes a demand for BL cars to be supplied as a fringe benefit.

The Association of Scientific, Technical and Managerial Staffs yesterday presented a four-part claim and Shell UK will reply with an initial offer on October 2. The union says the claim covers 4,000 staff, although the company estimates 2,300 are covered.

Mr. Roger Ward, ASTMS chief negotiator at Shell, said the union wanted a "substantial" rise. No figure has been mentioned, but union officials have told the company it should be at least equal to the rise in the TPI which is now running at a higher rate than the Retail Price Index.

The use of the TPI is likely to prove an embarrassment to the Government which introduced the index as an alternative to the RPI in the interests of wage restraint.

The ASTMS wants staff at Shell to be provided with BL's Mini Metro car. Mr. Ward argues the cost of the car equals wages lost during the operation of the last Government's pay policy.

He said Shell shareholders had been provided with a catch up payment to compensate for a period of dividend control and the union wants the same deal for Shell employees.

A bulk purchase of Mini Metros would provide a boost for the flagging car company as well as providing a fringe benefit, he said.

Shell executives are sceptical of the Metro claim, viewing it as a publicity stunt. Shell says its wages policy is not governed by profitability and that the union argument is therefore irrelevant.

The claim includes an increase in holiday entitlement from four to five weeks and a reduction in the working week from 37 to 35 hours. The settlement date has moved from January to the beginning of October.

BL said last night it awaited the outcome of the Shell ASTMS talks with interest and that it would be delighted to meet any order of this kind.

ASTMS urges laboratory safeguards as smallpox report is launched

BY GARETH GRIFFITHS,

THE Association of Scientific, Technical and Managerial Staffs, which represents a majority of the 50,000 to 60,000 people working in hospital laboratories, is to put pressure on the Government to increase spending on safety measures.

Mr. Clive Jenkins, ASTMS general secretary said yesterday that working in a laboratory was more dangerous than working on the factory floor. He was speaking at the launch of an ASTMS report on the smallpox case at Birmingham University in 1978 when a union member, Mrs. Janet Parker died.

The report is to be sent to the West Midlands Coroner and is highly critical of safety standards at the laboratory. Mr. Jenkins said eminent scientists who had advised on safety were not eminent in the field of laboratory safety.

ASTMS says it is determined to "erect, brick by brick if need be, a stronger barrier than chance to protect the rest of its members and the population as a whole."

The union has issued 15 writs against the university in connection with the Parker incident. Mr. Jenkins said a couple of hundred cases a year were handled by the union dealing with illnesses caused by laboratory infections.

ASTMS estimate it would cost "score of millions of pounds" to implement proper safety procedures in the laboratories. It claims there is a shadow working party behind the official Department of Health and Social Security working party on the subject, looking at the cost benefit effects of such expenditure.

Mr. Jenkins suggested government spending policy as one of the main reasons for the lack of action. Several hundred laboratories handling diagnostic cases are included under those handling dangerous pathogens.

The DHSS said last night it had given hospitals and university laboratories until the end of the financial year 1981 to 1982 to implement Government proposals on safety procedures. It discounted reports of a secret working party on the issue and said the department was very concerned.

Mr. Jenkins has written to the Health and Safety Commission to ask for a meeting on the subject. He also hopes the matter will be raised when Parliament reassembles.

Daily Express talks break down

BY JOHN LLOYD

TALKS between the National Graphical Association and the Daily Express broke down early yesterday morning after the management objected to the NGA's refusal to print the London edition of the Daily Star, one of the Express Group newspapers which originated in Manchester.

It is believed that the NGA leaders had thought agreement was near, until the meeting ended abruptly on the management's insistence. No further talks were held yesterday and the company would make no comment.

However, it is believed that talks will be held today, probably involving Mr. Les Dixon, the NGA president.

The dispute, which halted the Daily Express London editions on Tuesday and Wednesday nights and the Star's London edition on Wednesday night, is over management's insistence that Linotype operators identify the copy they have set so that they may be paid individually rather than from a pooled lump sum, as at present.

It is believed that management has asked for wide-ranging economies throughout the Express, of which the new payment system is a part.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

NHS hospital engineers reject offer

CHANCES of serious disruption of National Health Service hospitals rose yesterday when leaders of qualified and supervisory engineers voted two-to-one to reject a 13 per cent pay offer.

Rejection of the offer, with a ballot of the engineers on their readiness to take industrial action, was supported by 131 delegates from throughout Britain at a National and Local Government Officers Association meeting in London.

NALGO's National Health committee will consider the ballot proposal on September 19. Its national emergency committee would finally have to sanction a ballot which could lead to such action as the 1978 work-to-rule which disrupted hospitals because the maintenance of essential equipment was delayed.

The 3,700 engineers could be joined in action by hospital administrative and clerical workers who meet next week to consider their 13.8 per cent offer.

Some delegates at yesterday's meeting, felt however, that many members were not in the mood to take action over 2m unemployed. One said they would be "crucified by a Government waiting for someone to take on."

Support for deployment of Cruise missiles in Britain

Call to withdraw from NATO rejected

DEMANDS THAT Britain should embark on unilateral disarmament and withdraw from NATO were rejected by the Liberal Assembly at Blackpool yesterday.

The final outcome of a fiercely argued and at times emotional debate on defence policy clearly delighted Mr. David Steel, the party leader.

Although some of his Parliamentary colleagues strayed from the official party line, the main danger which Mr. Steel had feared—that the assembly would adopt a defence policy barely distinguishable from that of the Labour Left—was averted.

Mr. Richard Wainwright, the party's spokesman on Treasury and economic affairs, was the main rebel among the party leadership.

He stood in his place on the platform to join the applause for Mr. Alan Sherwell, who called on the assembly to opt for withdrawal from NATO and the creation of a European defence force in which the U.S. would play no part.

This proposal secured 425 votes before being abandoned when 533 delegates supported an alternative proposal. This not only endorsed continued membership of NATO, but approved the deployment of Cruise missiles in Britain.

But while accepting that theatre nuclear weapons should form part of Britain's defences, the assembly reaffirmed its total opposition to an independent British strategic nuclear deterrent and the purchase of Trident missiles.

Reports by John Hunt and Ivor Owen

An electrifying speech by Mr. David Penhaligon, MP for Truro, was a major factor in ensuring that Mr. Steel was spared a similar embarrassment to that which the Labour Conference inflicted on Mr. Hugh Gateskell at Scarborough 20 years' ago.

He challenged delegates, advocating that Britain should unilaterally disarm, to say whether they wanted the U.S. to do the same.

His devastating response to a loud chorus of "yes" was: "Then you are advocating surrender."

Mr. Penhaligon continued that if Europe no longer had the support of the U.S. it would not be long before Russian tanks were heading for the Channel ports.

He asked interrupters who disputed this view: "What evidence is there that they will not take the risk if they think they can get away with it?"

Mr. Penhaligon won further applause when he made it clear that his support for the deployment of Cruise missiles in Britain was dependent on the British Government having a veto on their use.

He declared: "I will not vote for Cruise missiles to come into the UK in any circumstances unless there is a two-key system to operate them."

A show of hands was sufficient to defeat the unilateralists who seemed to be outnumbered by about two-to-one.

The possibility of Mr. Ronald Reagan occupying the White House and having his finger on the nuclear trigger was a recurring theme in the speeches of delegates, who pressed for a European defence force independent of the U.S.

Mr. Sherwell maintained that Britain's withdrawal from NATO would encourage detente and possibly lead to a Russian withdrawal from the satellite States in Eastern Europe.

David Penhaligon: electrifying

"If there is no detente, nuclear war, sooner or later, is inevitable," he said.

Mr. Sherwell questioned whether the U.S. would consult her NATO allies before launching a nuclear riposte in the event of a sudden crisis.

"Two defence computer malfunctions resulting in the USAF being put on red alert and ready to launch a nuclear strike have proved that in an emergency the U.S. will act with no consultation at all," he insisted.

Mr. Alan Beith, MP for Berwick-on-Tweed, and the party's chief whip in the Commons, hit out at the anti-Americanism employed by some of the critics of NATO.

"Liberals are not neutral between totalitarianism and democracy," he declared amid cheers.

While there might be things which people did not like about Mr. Reagan, the idea that a country which elected its President and had got rid of Richard Nixon could be regarded in the same light as the Soviet Union was absurd.

Mr. Beith warned delegates that they would place Mr. Steel in an impossible position, if they approved Britain's withdrawal from NATO and left the country dependent on a "European dream."

He said the Liberals wanted to get rid of the Cruise missiles, but equally wanted to see such weapons withdrawn from the Russian armoury as well.

Pension funds threat to farms

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

INVESTMENT IN farm land by pension funds and other financial institutions came under bitter attack by conference speakers during the main agricultural debate yesterday.

It was argued that the massive funds being poured in by institutions and "city speculators" were forcing up the price of land, killing off small farms and making it almost impossible for young farmers to buy their first property.

Mr. Geraint Howells, MP for Cardigan and the party's agricultural spokesman, told delegates: "One of the most powerful threats to the availability of land for the family farm is the way in which financial institutions — particularly pension funds—are buying up huge tracts in this country."

The pension funds, who would have a total income of £20bn by 1985, were purchasing most of the farm land which was put on the market annually.

They believed that this was one of the safest long term investments they could make, because over the next 25 years its value would appreciate by at least as much as the level of inflation.

"How can an ordinary farmer compete with such powerful investment as this?" asked Mr. Howells.

In addition, more and more agricultural land was being lost to industry or through developments, road building and road widening.

He also complained of the way in which the many county councils were selling off their small holdings. It was tragic to see this last source of land taken away from young people who were starting out in farming. He made a special plea to the councils and their chief executive officers to rethink their policy.

Mr. Tony Rogers, Liberal candidate for Totnes, said that speculators, including companies in the city, were buying up good agricultural land solely to make fat profits. Their activities had set back the efficiency and productivity of generations of farmers.

"They are not interested in the future wellbeing of British agriculture or the consumer," he said.

"They are interested only in capital appreciation which results from rocketing land values.

"These are abuses which should be stopped. Soaring land prices, high interest rates and taxation problems make the dream of the young farmer owning his own farm even more remote."

The conference approved a resolution moved by Mr. Stanley Blow of the party's agricultural panel, calling for a Family Farm Finance Scheme to provide low interest loans for stock and equipment for new entrants to farming.

It also demanded the progressive abolition of all current forms of capital taxation on land and the introduction of a system based on annual taxation of unimproved land.

Councillor Philip Beckerlegge, of Tewkesbury, moved an amendment for the proposed scheme to be extended to provide low-cost long-term finance for the purchase of farms.

But the amendment was defeated by 93 votes to 88, after Mr. Blow objected that it would only result in further increases in the cost of agricultural land.

Measures urged to stop beach pollution

THE OWNERS of oil cargo on board tankers which pollute Britain's coastline should be held legally responsible, the assembly decided yesterday.

Delegates carried a resolution calling for immediate steps to cut oil and other marine pollution, insisting that when beaches were contaminated the polluter should be made to pay for the damage caused.

But a resolution calling for oil tankers sailing under flags of convenience to be banned from British ports was defeated by 37 votes (198-161).

Mr. Barry Skelcher, prospective candidate for Lowestoft, who moved the resolution, cited the pollution caused by the Eleni V on East Anglian beaches in 1978 to demonstrate the need for more rigorous preventive action.

He estimated that it had cost £3m to clean up the mess, but so far no compensation had been paid.

As a result, the taxpayers and ratepayers had been left to foot the bill.

To cheers, Mr. Skelcher urged the Government to make stronger efforts to secure internationally agreed safety and training standards for ships and crews of all oil carrying vessels.

"We want to improve the safety standards of these bulk carriers and reduce to an absolute minimum the possibility of an accident at sea," he said.

Mr. Bernard Dann, chairman of the Wirral constituency Liberal Party and a marine insurance specialist, warned against banning tankers sailing under flags of convenience from British ports.

He emphasised that the Red Ensign was one of the most important flags of convenience.

What really mattered in combating marine pollution was the quality of training, the quality of supervision and the quality of the ships themselves.

Study into safety at work

THE LEVERHULME Trust has awarded a £30,000 research grant to the University of Glasgow to study the effectiveness of joint union-management health and safety committees which have increasingly become established as a result of the 1974 Health and Safety at Work Act.

They are part of the strategy to reduce the costs of industrial accidents. In human terms, these stand at around 2,000 deaths a year. More working days are lost through industrial accidents than through strikes.

The researchers will try to identify the key factors determining the effectiveness of the committees by interviewing safety personnel in a sample of 50 plants in the United Kingdom. The study will concentrate on those industries with the highest accident records (metal manufacture, coal and petroleum products, shipbuilding, and bricks, pottery, glass and cement) and those with the lowest (clothing and footwear, leather, instrument engineering and electrical engineering).

The final results of the project being undertaken by Research Fellows Mr. John Leopold and Mr. Robert Coyle, should be available early in 1982. They will be reporting back to industry to help guide the practice of health and safety practitioners.

Fighting through defence tangle

THERE IS something about nuclear disarmament and defence which brings out the daft element in political parties.

At Tory annual conferences ageing military gentlemen occasionally arise with demands that Russia should be bombed into the stone age.

At similar Labour gatherings, the wilder elements call for all British armaments to be dumped into the sea on the dubious premise that Britain has nothing to fear from the cuddly men in the Kremlin.

At Blackpool yesterday, the Liberals, in their usual endearing way, appear to have got themselves into a hopeless tangle on defence. But, true to form, by the end of the day they had muddled their way through to a reasonably coherent and credible position.

In a mass of closely printed words running to 80 lines over nearly three pages of the agenda, delegates were presented with three choices. A utopian motion, largely backed by the young Liberals, called for immediate British withdrawal from all military alliances, including NATO, and unilateral disarmament with the removal of all nuclear weapons from the UK.

The second option — the official party line, was to preserve the status quo with continuing British membership of NATO and the siting of nuclear weapons in the UK.

The third option, which attracted a surprising number of speakers, was for Britain to take the initiative in setting up a separate European Defence Force in order to break away from military dependence on the U.S.

The effect of this choice, however, was somewhat weakened by the knowledge that no other European nations had shown any enthusiasm for it.

Rather optimistically, Lord Evans, who was in the chair, declared that the debate had been very carefully structured to give a clear picture of European defence policy. The effect of his words was rather lost when mention of Mr. Stephen Ross, the party defence spokesman, provoked loud hissing from a claque of young Liberals gathered at the front of the hall.

To be fair, the two-hour debate was on the whole a sober and cogently argued affair. Some of the sillier speeches from the unilateralists were rapidly laughed out of court.

Ruth Addison, former chairman of the Young Liberals, suggested that complete disarmament would not leave us defenceless. If an invading force landed we should simply refuse to co-operate with them by refusing them transport and food. The best answer, she suggested, was the formation of a citizens' militia.

Steve Atak, another former Young Liberals chairman, also appeared to think that flower power was an adequate defence against tanks.

"Let our magnanimity be our defence. Let our generosity by our deterrent," was his slogan.

Mr. David Penhaligon, MP for Truro, was having none of this rubbish. He accused some of the critics of behaving like virgins in a brothel when it came to defence questions.

There was no sign of the rumoured demonstration of protest by Young Liberals, although one disgruntled fellow stamped out of the hall shouting that the "middle clas gits" in the party had once again won the day.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● ELECTRONICS

Significant power transistor move by Ferranti

FERRANTI, THE UK electronics and defence group, has taken a new initiative in a market strategically as important as memory and processor chips and which should be worth £1bn by the mid 1980s.

It has acquired the marketing rights and the technology to manufacture high-power transistors—known in the business as vertical current flow metal oxide silicon power field effect transistors (Vmos power fets).

That mouthful conceals the simple fact that microprocessors, amazingly versatile though they are, are not good at handling high voltages or high currents—yet most of the sorts of devices one wants to control in the real world use relatively large amounts of power.

The transistors Ferranti is now to market will handle that power—up to 650 volts and 8 amps. They form therefore the vital link between the chip and its applications.

Examples of applications include integrated circuit logic interface drivers, timing circuits, power supply circuits, audio amplification and control circuits for three phase motor speed controls.

Ferranti has signed technology exchange agreements for the transistors with Supertex Incorporated, a U.S. company based in Sunnyvale, California which Ferranti believes has a leading position in the technology needed to make the transistors.

Ferranti said yesterday that there was a large market in individual electronic components—that is components not integrated together in silicon chips, and that it intended to specialise in that market. It said that while silicon devices will eventually dominate the industry, specialised components such as power transistors will never be replaced by chips and that was the direction it was going to take.

In Europe, 42 per cent of all electronic products are made using discrete components compared to only 37 per cent in the U.S.

● PROCESSING

Controls the flow of gin and vodka

TWO PROGRAMMABLE logic controllers form the central part of a flow control desk supplied by Thorn Automation, Rugeley, to James Burrough in London, for use in the production of gin and vodka.

The system controls the transfer of fluids from stills to storage tanks and bottling halls. The transfer from the stills to the storage tanks and blending tanks is controlled by one unit and the second handles the remaining routes.

The controllers sense the closure of a route push button, store the request, verify the route and illuminate "route verified" lamps. If the route is rejected a "route invalid" lamp will light.

Once the route is verified fluid transfer is commenced by depressing the "activate" push button. This will set the route by switching the connections from the flow meter to the tank content counters, resetting the appropriate batch counters and opening the route valves.

Flow continues until the system is drained and purged automatically; a push button for manual operation of the manifold range and system purge is also provided. The operator can abort the transfer of fluids by operation of a "de-activate" push button.

The programme is stored in programmable read only memories (PROMS) and cannot be corrupted or destroyed by operator error or equipment malfunction.

● COMMUNICATIONS

Optical fibre link completed

REPORTS HAVE come from the GEC, BICC and Plessey about the installation of optical fibre communications links on Post Office (British Telecom) routes.

The GEC, which claims to be the only company to have received orders for all three of the bit-rate capacities in the British Telecom proprietary optical system, is involved in a total route length of 179 km. The major route carrying traffic at 140 megabits extends from London to Reading. A further route of 48 km will operate at 34 Mb/s between Reading and Oxford, while sections between Oxford and Banbury (39 km) and Arrington to Cambridge will work at 8 Mb/s. The links, which are now complete, have been supplied by Telephone Cables (the eight fibre cable), and GEC Telecommunications (terminal and repeater equipment).

At the same time, Plessey and BICC have completed work in the West Midlands on a 9 km link between Brownhills and Walsall. In the next two years 14 such systems are to be supplied by the two companies to British Telecom.

The significance of these new transmission systems is longer-term rather than shorter, and they should really be seen as a parallel development to digital electronic switching (telephone exchanges).

Although they offer high capacity for their relatively small diameter and light weight and are not prone to inductive interference, they will come into their own when they are linking digital exchanges on a nation-wide basis. When that time comes—and it is a question of the amortisation and redundancy of the present facilities with a phasing in of the new—then all kinds of information, including telephone voice signals, computer data, video signals, text (the much discussed "electronic mail") and various kinds of remote control data will all be sent and switched over a common, nationwide digital system.

The amounts of information involved will become increasingly large but with the application of multi-fibre cables, expansion to meet that demand will be much simpler than in tho past.

Even at the present stages of development a single pair of the glass-fibres can easily carry 2,000 telephone conversations, all moving at the same time in the form of simple on and off but extremely rapid light pulses. The capacities of fibres will probably increase, although there is in any case no problem in incorporating hundreds of them into a single cable.

The prospects are exciting: cables of this kind can be put in on-trunk routes at a capacity unlikely to be exceeded for many years, while into offices and homes it will become possible to run wideband cables that will easily carry large numbers of television channels and large amounts of computer-like data at low cost.

Such developments might otherwise prove impossible because of the cost of implementing such links with conventional copper bearers and present transmission techniques.

GEOFFREY CHARLISH

● COMPUTING

Will even check the spelling

TWO FURTHER offerings of text processing machines have been made by IBM, one for use where file records need to be processed and larger systems may be needed (model 5520) and the other, called Displaywriter, for more straightforward word processing essentially in a stand-alone mode. Both have communications facilities.

Displaywriter consists of a tilting and swivelling display module with electronics housed in the base, a detachable keyboard, diskette (single or dual) for data and program storage and a golf-ball printer working at about 15 characters/sec. They are cable-connected.

A rather remarkable feature of Displaywriter is that it is able to check the typist's spelling after a document has been completed. At logic circuit speed, the machine actually matches each word typed, letter by letter, against correct spellings held in memory, taking about 20 secs per page. If an error is discovered, the offending word shows up in the text, on the screen, in reversed (black on white oblong) form.

The system can check about 50,000 common English words (English or "U.S. English" can be chosen on loading the software from disketto). In addition, however, users can add several groups of 500 words of their own that are specific to their business — soliciters or engineers, for example.

Apart from this the machine can perform all the customary word processing operations such as additions, deletions and changes to the text with the assistance of a locational cursor on the screen, movement of whole paragraphs or sentences from one place to another in the text and repetition of selected stored phrases. Throughout the keyboarding process simple messages and prompts appear on the screen to guide the typist—learners can quickly master the machine.

The communications facilities of the Displaywriter mean that documents can be sent from location to location over telephone lines either within one company or between companies, although in the latter case IBM advises reference to the Post Office first.

The information can be sent in a batch mode, or terminals can be in continuous communication in an interactive fashion. This so called "electronic mail" facility has the obvious advantages of speed and convenience and also means that a message in the unit's memory can be sent, by entering appropriate instructions on the keyboard, in the middle of the night when tariffs are low.

The second announcement from IBM is of the 5520 Administrative System which, apart from text processing also allows file records to be manipulated and merged in with text and provides facilities for document distribution.

Also based on screen, keyboard and diskette storage, this system allows the creation, storage, retrieval and editing of documents ranging from single page memoranda to multi-page reports. It supports the origination and maintenance of user-described files and allows information to be extracted from these files for immediate enquiry or listing in various sequences for inclusion in such documents as repetitive letters, forms or reports.

Communications facilities include store and forward, distribution according to stored address lists and the ability to segment the list so that various numbers of copies can be sent to their destinations at different times.

The new Displaywriter, which is to be made in Italy, is scheduled for first deliveries in February 1981 with a basic price of about £5,000.

More from the IBM General Business Group, PO Box 32, Basingstoke, Hants RG21 1EJ (0256 56144).

Flat wafers yield more chips

THE YIELD of microelectronic chips from individual silicon wafers could be markedly increased by a new laser-based system.

The Tropel division of the U.S. laser-to-optics company Coherent; has introduced what it claims is the world's first automatic wafer sorter. At a cost in the UK of some £70,000, the "Autotest" system tests each wafer for flatness before the wafer is used to create the microelectronic chips.

£70,000 may sound a lot for a gadget which simply tests the flatness of glass discs, but the potential for raising the yield of chips—traditionally very low—is great.

Wafers are simply discs of silicon cut from large crystals of pure silicon on which are printed the microelectronic circuits, components and interconnections.

Each wafer has to be overprinted perhaps 11 times, and fractional misalignment of each printing mask will render the individual chips useless.

It helps, obviously, to start with a wafer which is as flat as possible. Each individual chip is printed as small as possible to make for compact circuitry, but also to give the best chance of missing the inevitable imperfections on the wafer surface.

Flatness testers are, of course, already in use but "Auto Sort" is fully automatic. Wafers are moved from a dual cassette input station and pre-aligned so that the focal plane defined by the machine exactly reproduces the focal plane of the projection aligner in which the wafer will ultimately be processed.

A collimated, phase-modulated helium neon laser beam is reflected off the wafer's surface and its contours; formed by constructive and destructive interference effects, are used to record the three dimensional surface of the wafer.

Testing takes one second during which 61,200 data samples will have been recorded. Over 240 wafers an hour can be handled.

Each wafer can yield 300 or so individual chips, but present yields are often under 50 per cent. Coherent has a UK centre in Cambridge (0223 68501).

● MATERIALS

Soaks up spillages safely

BECAUSE OF its cheapness — and despite its potential fire hazard — sawdust has been the traditional material for mopping up oil, grease, messes etc., on engineering shops and factory floors.

Now, it has the additive of a fire-retarding chemical produced by a National Coal Board subsidiary, is launched as Pyrasorb, and promises not to burn or carry a fire-risk.

Industrial spillage in this country has been dealt with by the use of imported mineral-based granules, but Pyrasorb is said to be a far superior absorbent and— in tests carried out by Cardiff analysts Minton, Trebarne and Davis — it was found to absorb twice as much water, three times as much lubricating oil, and twice as much cutting oil as its most efficient rival.

The NCB originally used the chemical additive to fireproof chipboard, timber and even clothing, and it is now used to pulverise wood fibres to produce a green-tinted sawdust for absorbing industrial spillage at the Totnes factory of H. & K. Sims, The Old Mill, Down St Mary, Crediton, Devon (03633 300).

The company says its new product has been undergoing successful tests at Rolls-Royce, Derby and British Aerospace, Bristol, and Pyrasorb's flame retardant properties have been thoroughly assessed by the Warrington Research Centre where it was found to comply with BS 476 Part 7 Fire Test. Six specimens were subjected there to intensive furnace heat but no spread of flame resulted along the test samples.

Only 12 per cent of the specially developed chemical is added to the sawdust to create Pyrasorb which is available usually in quantities from six tonnes upwards, delivered in 25 kilo amounts in heavy gauge heat-sealed polythene sacks.

As it can actually be used to put out fires, the company sees a potential for the product on the domestic front where it could be handily stored in the kitchens of houses, hotels, restaurants or canteens, promising when applied to obviate the mess caused by ordinary fire extinguishers or the fire brigade!

● REFRIGERATION

Purges air from large plants

OPERATORS OF commercial refrigeration plant concerned by increased running costs caused by leakage of air into their systems are being offered a fully automatic air purger.

It is made by Van Run Uuitbouw of Rosmalen, Holland and sold in the UK through Marka Engineering, Crystalate Works, Golden Green, Tonbridge, Kent TN11 0LH.

Suitable for use in the food processing, cold storage and chemical industries, the "Vairex" air purger avoids the plant shutdown and labour costs involved in manual air removal. It is claimed, as well as minimising discharge of costly refrigerant gases.

By continuous extraction of air independent of the refrigeration plant, the automatic purger prevents build-up of non-condensible gases even when the main installation is not in operation.

The purger consists of a condensing unit which extracts a mixture of gases from a point close to the main plant condenser and cools them in a purpose-built heat exchanger so that the refrigerant condenses and returns to the system.

It is stated that in most cases only one connection to the plant and a 13 amp electrical point is necessary.

● MACHINE TOOLS

Lathe has dual role

MANUFACTURED BY Ludwig Hunger GmbH of West Germany a new computer numerically controlled lathe may be used as a chucking auto having power chucks of 130-315 mm diameter either solid or through bore and a maximum swing of 400 mm.

Alternatively, it can be used as a bar auto having a maximum diameter of 42 mm and 62 mm depending on the headstock design. Through bore chucks permit the lathe to be used as a bar machine in conjunction with bar feed or bar drawing equipment.

The machine is being distributed in the UK by George Kuikka, Hill Farm Avenue, Leavesden, Watford, Herts (09273 70611).

FINANCIAL TIMES SURVEY

Friday September 12 1980

MICROELECTRONICS

New products and processes which once belonged to the fantasy world of science fiction are now made possible by microelectronic technology. But Europe may be falling seriously behind the U.S. and Japan in the race to secure supplies of a key technology which will have a major impact on the shape of industrial economies for decades to come.

Decade of the silicon chip

By Guy de Jonquieres

THOUGH STILL in their infancy, the 1980s are already on course to become the decade of the silicon chip. During the next few years microelectronics will develop rapidly from being a source of intense—if sometimes baffled—popular interest to emerge as a pervasive force with a direct impact on an ever-widening area of our daily lives.

The potential applications of microelectronic technology are almost limitless. From the washing machine to the factory floor to the most sophisticated missile system, it will permit functions that have praviously been performed mechanically to be carried out more quickly, efficiently and reliably—and at lower cost. It can also make feasible new products and processes which previously belonged to the fantasy world of science fiction.

The ready availability of powerful but inexpensive integrated circuits has, for example, already brought us chess-playing computers that can defeat all but the most expert human opponents. Soon we will be dealing every day with machines which respond to spoken commands and answer back in a passable imitation of the human voice.

Televisions which switch channels when asked to do so—emitting a clipped "Okay!" when they have registered a command—will go on sale shortly. But their comprehension and vocabulary is very limited. Within the next decade machines capable of quite extensive conversations will be developed and used, for instance, in telephone answering services.

In many applications the presence of microelectronics is less obtrusive. Beneath the bonnet of every new General Motors car in the U.S. are at least two microprocessors controlling carburation and exhaust emissions. Without these devices it is donbtful whether Detroit could meet U.S. fuel consumption standards laid down by Congress a few years ago.

Microelectronic components are replacing moving parts in telephone exchanges, routing calls more accurately and providing better quality connections. On production lines microprocessor-equipped control devices are making it possible to perform repetitive operations with greater accuracy and over longer periods than any human being could match.

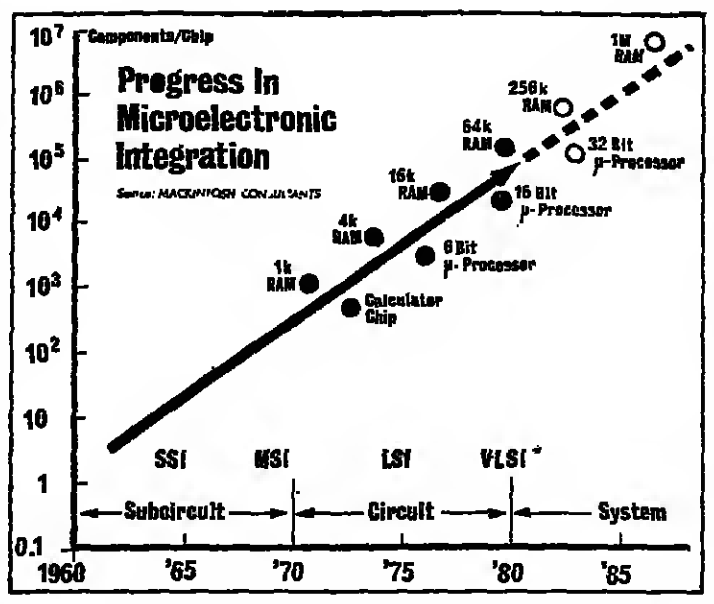
In data processing the technological revolution is already well advanced. The replacement of valves and discrete transistors by integrated circuits has produced a dramatic drop in the cost of computer power over the past 15 years. Small desk-top machines can now perform operationa which would have taxed the resources of a vast computer occupying an entire room in the early 1960s.

Miniaturisation

The iotegrated circuits which have made these applications possible are a marvel of precision engineering in miniature. The latest generation of memory chips pack the equivalent of more than 100,000 transistors on to a sliver of silicon smaller than a little fingernail. The channels linking the different elements on the chip are microscopically small—as narrow as three thousandths of a millimetre in some cases.

Miniaturisation is important for three reasons. The first is speed. Modern computers reqnire components which operate in a fraction of a second. The shorter the distance which electrons have to travel around a chip, the faster they reach their destination. Data stored in a modern memory chip can be retrieved in as little as 120 billionths of a second.

Second, compactness allows integrated circuits to be used conveniently in applications for which valves, or even discrete transistors, would be far too cumbersome. This is particularly important for military uses. It has also made possible products like digital watches and pocket calculators. Finally, a reduction in size saves on the cost of raw materials, which must meet exacting standards.



*Stages of integration: SSI, small scale; MSI, medium scale; LSI, large scale; and VLSI, very large scale.

The most advanced memory chips nearing production, 64-K Random Access Memories (RAMs), can store more than 65,000 binary digits (bits), each equivalent to a zero or a one. The data are packed 20 times more densely than on the first generation of RAMs developed 10 years ago, which held a mere 1,024 bits.

Still more advanced devices are in the pipeline. Earlier this year Japanese companies demonstrated prototype 256-K RAMs capable of storing four times more data than the 64-K on a chip only twice the size. One million bit RAMs are also under development, though it will be some years before these can be produced in quantity.

Equally dramatic advances have been made in microprocessors. These are the chips which do most of the work in a micro-computer, while memories store the operating instructions used in and the data generated during their computations. (Though the idea of a computer on a single chip has caught the popular imagination, an array of components is used in all but the simplest applications.)

One measure of a microprocessor's power is the number of bits it can handle at one time. The first microprocessors accepted 4-bit "words." Eight-bit devices followed, and the latest generation handles 16-bit instructions. Devices capable of 32-bit instructions—as powerful as the central processor of a big mainframe computer—are under development.

With each new advance in integrated circuits, the engineering and manufacturing challenges become tougher. The larger the scale of integration, i.e., the greater the miniaturisation, the more difficult it becomes to ensure that the circuitry is accurately etched on to silicon and that it is precisely reproduced in manufacture. Chips containing very closely packed circuits are also subject to external influences like alpha particles, the product of low-level radiation. These can play havoc with the operation of an integrated circuit.

New types of machinery and new processes are being developed to meet these challenges. But they are costly. The seven largest U.S. semiconductor manufacturers have budgeted more than $1bn for investment this year—roughly a fifth of their combined capital expenditure during the whole of the last decade. During the 1980s the U.S. industry expects to bave to invest abont $30bn, not allowing for inflation.

The scale of this projected investment is all the more remarkable in an industry which has achieved drastic reductions in the price of its products over the past decade. The price of a successful new "standard" device rarely remains stable for much more than a couple of years, after which it plummets as more and more suppliers crowd into the market. A manufacturer who arrives late on the scene stands littla chance of making a profit.

One way in which semiconductor manufacturera can cushion themselves against this switchback is to evolve from just selling bare components to supplying complete systems of chips mounted on a circuit board and partly programmed for a particular application. Two U.S. companies that have pioneered this approach are Texas Instruments (TI) and Intel.

Components

The system approach recognises that on its own a chip is not a very useful commodity. It must be teamed np with other components and the whole assemblage then programmed to carry out the required functions.

Many customers do not possess the necessary expertise and have to call in outside consultants; of those who do have the skills needed, needed, such as computer manufacturers, an increasing number are finding it difficult to recruit enough skilled programmers to meet their needs. The design of an applications system is also becoming more expensive. It is not uncommon for the "software" (programming) to cost five or even ten times more than the "hardware," the physical components.

Intel has suggested that more thao 1m programmers will be needed over the next five years to meet the demand for microelectronic applications. It doubts they can be found. Even if they were available, the company thinks that many of them would be wasting their time "re-inventing the wheel"—rewriting the same basic software as well as designing the programmes required for a specific application.

Intel and TI propose to solve the problem by offering systems packages. These would be assembled from a range of different components and supplied complete with built-in basic software on to which the programming needed for an individual application could be grafted.

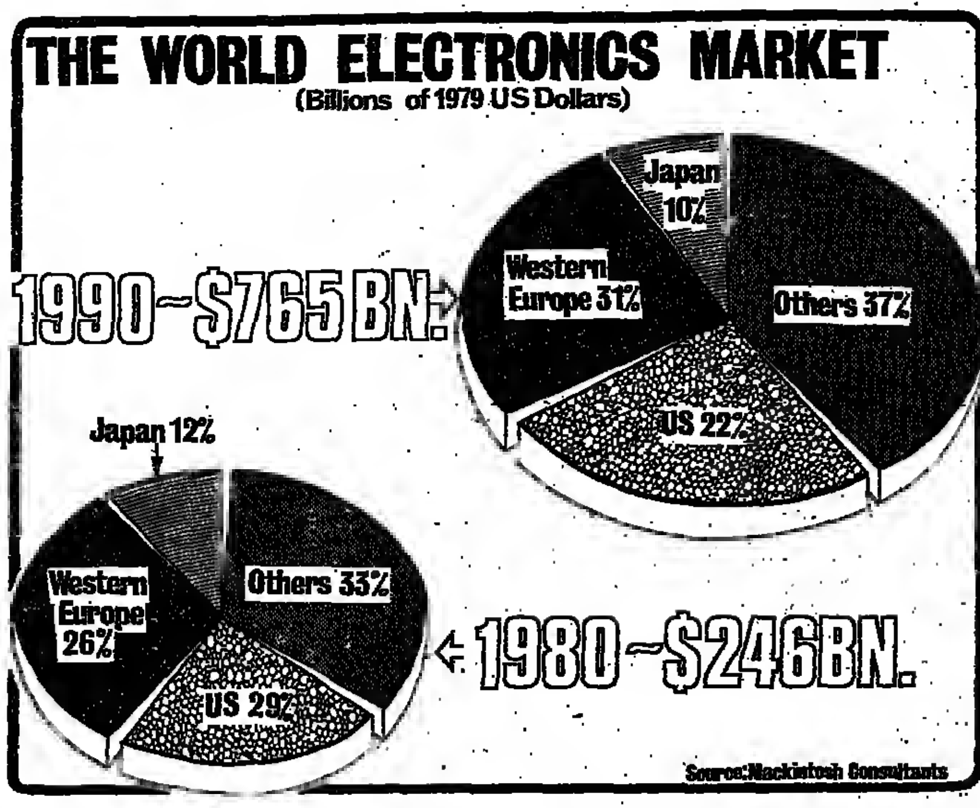
The cost and complexity of this undertaking are daunting. But if it can be carried out successfully it should provide a valuable short cut around one of the major human obstacles now constraining the practical implementation of microelectronic technology.

CONTENTS

هكذا من الأصل

MICROELECTRONICS II

Europe heavily dependent on overseas suppliers



EUROPE is one of the world's biggest customers for micro-electronic components, but its production falls far short of its needs. According to the U.S. research company Dataquest, Europe consumed almost $3bn worth of semiconductors last year, more than a quarter of total worldwide sales. Yet the output of Enropean companies amounted to only $1.3bn.

The imbalance was even more marked for integrated circuits, devicea such as microprocessors and memories, which constitute the fastest-growing sector of the market. European purchases totalled $1.6bn, of which a mere $476m were from indigenous suppliers.

This heavy dependence on outside manufacturers, chiefly in tha U.S. and Japan, has prompted growing concern in many governments, and at the EEC Commission in Brussels, that Europe may be falling seriously behind in the race to secure supplies of a key technology which will have a profound impact on the shape of industrial economies for decades to come.

Strategic arguments bulk large with those who believe that Europa should do more to develop semiconductor prodnctiona of its own. As things stand, is vulnerability to sudden shortages of key micro-electronic components is high. France is particularly concerned, too, about the possibility of a future U.S. embargo on high technology exports being imposed for political reasons. Given industry's increasing reliance on semiconductors, either development could provoke severe economic disruptions.

World markets

It is also argued that U.S. industrial customers enjoy a commercial and technological advantage because they have a say in the design of new semiconductor products almost from the beginning: the final design represents the result of inteosive consultation betweeo a component manufacturer and his major customers. But most European customers must make do with what they can buy on world markets.

American attitudes towards European attempts to develop an indigenous microelectronic industry teod to be scoroful. U.S. semiconductor manufacturers claim that it is too late in the day for Europe to break ioto the business successfully. Mr Andrew Grove, president of Intel, was quoted recentiy as saying: "The Europeans missed the boat — and now it's a hydrofoil"

But Japan's receot emergence as a major force on world microelectronics markets — which bas sharply jolted American self-confidence —has shown that it is possible to build up a successful semiconductor industry almost from scatch. Japan is strong, not only in componeots designed for consumer electronics products, of which it is a major manufacturer, but also in semiconductors for applications such as computers.

Dr. Fridrich Baur, executive vice-president of Siemens, Europe's second biggest semiconductor producer after the Dutch Philips group, is optimistic. He believes that Europe can narrow the U.S. lead in a oumber of key sectors, notably components for instrumentation and control, automotive applications, household appliances aod entertainment electronics.

"Europe has derived strategies which developed from a 'followed strategy' to an 'initiator strategy,' with the latter being dominant now," he says. But he insists that success will depend beavily on two conditions: that governments support the development of the semiconductor industry, and that the strategies followed are focused on the needs of the world market, not just of European customers.

The policies adopted by different Europeao governments to encourage the development of home-grown industries vary considerably. In the U.K., a number of companies, such as the Geoeral Electric Company (GEC), Plessey and Ferranti make microelectronics products. But their output is minute by U.S. standards, and the components which they have developed themselves are mainly "custom" microchips, produced in small quantities, and not large volume "standard" integrated circuits.

Productioo of "standard" chips has been left mainly to U.S. giants like National Semiconductor, Texas Instrumeots and Motorola, all of whom have set op manufacturing operations in the UK. The only British entry in the field is Inmos, the National Enterprise Board subsidiary, which recently received a second £25m in state aid to eoable is to build a production plant in South Wales.

INTEGRATED CIRCUITS
European market shares, 1979

		%
1	Texas Instruments	15.9
2	Philips	14.7
3	Intel	8.0
4	Motorola	8.0
5	Siemens	7.5
6	National	7.0
7	Fairchild	4.7
8	ITT	4.2
9	SGS-ATES	3.7
10	NEC	3.1
	Others	23.2

Source: Mackintosh Consultants

Inmos is gambling that it can break into the big league by using modern processes to make advaoced standard chips. Its first two products will be memories, and the project's future will depend beavily on whether it can start shipping its products in volume before established manufacturers establish a dominant position in the market.

Though the Government hesitated about continuing the support to Inmos promised by its Labour predecessor, it has been more enthusiastic abont aiding and encouraging industry to apply microelectronic technology. It has allocated a total of £55m for this purpose, more than its total planned investment in Inmos.

France has approached the problem from a different standpoint. The Government haa taken the lead in promoting ambitious programmes which make beavy call on microelectronic technology. It plans to spend about $25bn modernising the national telecommunications network and is investing beavily in projects such as a system of electronic telephone directories, viewdata and facsimile transmissioo with tha avowed aim of creating an "electronic information society."

French plan

To develop the semiconductor production needed to supply this demand, the Freoch Goveroment launched two years ago an "Integrated Circuits Plan" backed by a FFr 600m budget. This aims to raise France'a semicooductor ontput to the level of its natiooal consumption by 1985, with half of productioo being exported.

The Government decided that it would ba simpler to acquire, rather than develop from scratch, the required technology, particularly for the latest MOS (metal oxide silicon) circuits. It has therefore encouraged U.S. companies to enter joint ventures with French partners, with the Americans supplying the knowhow and the French providing most of the money.

Saiot-Gobain Pont-a-Mousson has formed Eurotechnique in partnership with National Semiconductor: Matra bas teamed up wilh Harris; and EFCIS, a joint subsidiary of Thomson CSF and the Atomic Eoergy Commission, is backed by Motorola. In addition, Thomson-CSF and RTC are making bipolar and linear components using French technology.

In Germany, the semiconductor industry is dominated by Siemens, the electronic and electrical giant, which had semiconductor sales last year of more than $300m. The troubled AEG-Telefunken group; which also manufactures a wide range of electrical products, is number two, with semiconductor sales of almost $120m last year.

The German Federal Government gives modest support to its semiconductor industry and plans this year to provide about $25m in aid to development of advanced integrated circuits. But Siemens's emergence during the past few years as a growing force in the industry internationally is due largely to its own efforts.

In addition to expanding its own research and development programme at home, it has purchased three U.S. companies, Litronix, Microwave Semiconductor and Sitronix. It also has a 20 per cent interest in Advanced Micro Devices, one of the top ten U.S. manufacturers of integrated circuits.

Gaining direct access to transatlantic technology by purchasing a prominent U.S. company is a route which has also been followed by Philips, Europe's biggest semiconductor manufacturer. In the mid-1970s, it purchased Signetics. This acquisition, in addition to Philips's dispersed Enropean operations (which include Mullard in the U.K.) pushed the Dutch group into fourth place in the world league table of integrated circuit producers.

The diversity of national strategies has upset the EEC Commission, which believes that Europe can emarge as a world force in the industry only by adopting Community wide measures. Earlier this year it proposed a plan of its own, intended to donble the EEC's share of world integrated circuit production by 1985.

More research

The plan calls for investments of about £60m over tha next four years and closer co-ordination of national development and aid programmes. It also urges development of a European industry to manufacture equipment for making microelectronic products and a study of ways in which computers can be used for design and testing.

So far, these relatively modest proposals have received only a cautious welcome from EEC governments, many of whom seem intent on ploughing their own furrows. But in calling for a common strategy, the Commission can point to a striking historical precedent: the failure of European industry to mount any effective defence against U.S. domination of the computer market. Whether that should be interpreted as a gloomy omen or a salutary lesson remains to be seen.

Guy de Jonquieres

Opportunities for UK industry

THERE ARE four main threads to the Department of Industry's Electronics Application Division.

● First, there is a management seminar to increase each manager's awareness of the applications and implications of microelectronics. In the last two years, 130,000 managers have attended the seminars. They are not free, but they are subsidised.

● Second, there are subsidised training courses, lasting three weeks, for designers, technicians and engineers to give them first steps in microelectronic applications. There are now 30,000 short course places available this year, compared with 2,000 in 1978. The DoI also provides support to organisations such as the Open University, BBC and the Science Museum in projects which will increase awareness of microelectronics.

● Third, the department will pay companies up to £2,000 for the cost of employing consultants to look at the possibility of using microelectronics for either improving their production processes or for inclusion in its products. About 30 companies a day apply for this assistance and 90 per cent are accepted.

● Fourth, a 25 per cent grant is offered towards the estimated cost of developing the application of microelectronics. The minimum development project that the department would consider is £10,000. Although there is no set limit, a £500,000 project would probably be too big.

For details: contact the Electronics Applications Division, Department of Industry. Tel.: 01-212 6986.

JASON CRISP

Japanese production surges ahead

NOWHERE HAS the "microchip revolution" been as dramatic as in Japan. Large-scale production of ICs did not begin in Japan until 1968—about 10 years behind the U.S.—when Texas Instruments established a joint venture in the Japanese market with Sony Corporation. TI has since bought out the Sony share, but the Japanese industry, as a whole, has emerged as the second most powerful in the world.

Over the past decade, Japanese production of ICs has risen at a rate of about 25 per cent per annum, from only Y72bn in 1972 to nearly Y300bn by 1978. One private study shows that sales over the next five years will continue to advance at an annual rate of about 9.6 per cent.

Capital investment by the nine companies which dominate the Japanese industry (excluding Sony which produces for internal use) in the field of ICs will increase about 29 per cent to Y135.3bn, despite some downturn in demand in the U.S. market.

The Japanese industry, with some help from the Government, has, in fact, invested in research and development in ICs at a rate of about 15-20 per cent of sales. Capital expenditures in 1978, for example, represented about 18.2 per cent of sales (compared with 13.5 per cent in the U.S.).

The success of the effort is clear. Nippon Electric (NEC) is rivalled as the leading supplier of semiconductors in the world only by TI and Motorola. Hitachi, Toshiba, Matsushita Electronics, Mitsubishi Electric, Tokyo Sanyo Electric, Fujitsu, Sony, Sharp and Oki Electric are all leading lights in the business.

The Japanese were well positioned to take advantage of the chronic shortages of semiconductors worldwide, which developed in the 1970s and are expected to continue for several years.

Late entry

An analysis of the Japanese Industry by Nomura Research points to three factors behind Japan's late entry into the IC business. First, the country lacked strong demand from the government and the military. The computer market for ICs in Japan did not develop until IBM's patents expired in 1960. And lastly, the major Japanese electronics companies were busy establishing themselves in fast-growing home and worldwide markets for consumer durables, which kept them in the stage of mass production for transistors throughout the 1960s.

The boom came late in the 1960s when Japan turned to mass production of products like electronic calculators. In 1969, calculators accounted for more than half of all the ICs used while computers took less than 30 per cent. The large home (and export) market for colour TVs, audio-video equipment, watches, copiers and other electronic products assured strong demand. Computers even now only account for about 15 per cent of IC demand compared with 30 per cent in the U.S. and Europe.

The Japanese had to overcome such barriers as the domination of foreign patents in the IC field which, before the Japanese began developing technology on their own, meant that a sizeable chunk of sales went to basic licensing fees.

Their success is due in large part to the structure of the companies which became involved in production, the biggest of which are large size, diversified manufacturers capable of drawing on vast internal resources for specialised projects. The range of their products gave way to rapid expansion of the uses to which ICs were put.

Finally, the Government correctly viewed the importance of ICs and the dangers of allowing gaps between U.S. and Japanese technology to continue. The Ministry of International Trade and Industry (MITI) created a project to develop VLSI technology through co-operation with the five leading IC producers (Nippon Electric, Hitachi, Toshiba, Fujitsu and Mitsubishi Electric). The Government subsidised the project with Y30bn between 1976 and 1980 (the total cost was Y72bn).

Perhaps the most important developments came in projects spearheaded by the telephone monopoly, Nippon Telegraph and Telephone (NTT), in concert with Nippon Electric, Hitachi and Fujitsu.

With a budget of Y20bn, they succeeded from 1975 to 1977 in developing a 64 bit RAM, which is beginning to find widespread applications. NTT's research has led the way to creation, on a laboratory level, of 128 k-bit chips and the A 256 k-bit chip. The latter, though still in the development stage, served to focus world attention earlier this year at an international conference on the advances that Japan has been making.

The latest NTT joint project is concentrating Y20bn on reducing the width of the tiny lines which connect chips to one micron from the two micron links which are now used with 64 bit chips.

The Japanese strategy is to maintain its position in the most advanced areas of chip production. This is illustrated by the success Japanese makers have had in the huge U.S. market for 8-bit and 16-bit MOS memory and 16-bit microprocessors.

While the Japanese market share in the U.S. for all ICs is around 3 to 4 per cent, they hold about 25 per cent of the market for 16K MOS memories.

The inroads made by Japanese companies, however, have already prompted negative reactions from the U.S. industry, which is increasingly looking to the Government for help. (Ironically, the U.S. companies have long held larger shares of the Japanese IC market than the Japanese have in the U.S. TI, the world's largest producer, has built three plants in Japan, and others, including Intel, Motorola, Advanced Micro Devices, Mostek and Fairchild, are beginning to follow suit.)

Caution

The Japanese are very well aware of the dangers of prompting a reaction similar to those which brought on U.S. import restrictions on colour TVs. The largest producers have already acquired production plants in the U.S. and Europe. This is partly because there is little difference in labour and equipment costs, but mostly to avoid trade frictions.

There is little reason to doubt that the Japanese will continue to become even more competitive in the 1980s. Advantages over other international producers are significant, the Japanese companies tend to be much larger enterprises than the companies in the U.S. and Europe.

In overall sales, the big Japanese companies are two to four times larger than TI and Motorola. They are also much more diversified. IC sales at NEC account for only 20 per cent of the total, compared with over 30 per cent for TI and Motorola. Other Japanese companies IC sales are much lower percentages of total sales.

The Japanese can tap other sources of revenues for the costly business of developing and producing ICs. They also have a certain amount of built-in internal demand. The other big plus factors for the Japanese include the quality of its labour force, a fact which has not been lost on the foreign companies which have plants in Japan. The Japanese, along with other international companies, have diversified production bases into low wage countries, but they have also concentrated on cutting labour costs through automation which improves yields and reliability.

Finally, and perhaps most important from a sales point of view, the world has come to rely on Japan for quality of the product itself, a factor which should help make steady customers out of foreign companies which have turned to Japan as a source of semiconductors, even if the present worldwide shortage of chips ends.

Richard Hanson

Vast range of applications

THE MICROELECTRONICS invasion of the home, car, factory and office is well underway. Yet it is only the beginning. The enormous breadth in the application of microelectronic devices—from guided missiles to hair-dryers—means we will all be using them in some way, in more and more activities.

Perhaps the most apparent use of microelectronics in the home has been in such items as the pocket calculator, the digital watch and a variety of fiendish electronic toys and games. Less obvious, but more important in the market terms, has been their application in television and hi-fi equipment, not just adding features such as remote control, but in drastically reducing the number of components needed in a set.

Similarly, many other consumer goods can be enhanced by the use of microelectronics. In Europe, the biggest demand for integrated circuits comes from the consumer goods industries, unlike in the U.S. where about 40 per cent of semiconductors are going into computers.

But the greatest growth areas are expected to be the car and telecommunications sectors, the latter already a substantial user of integrated circuits.

At present, micro-electronics manufacturers have just a toehold in the automotive industry, although it has been singled out as a major growth area. Today, only the most expensive cars have electronic ignition or electronically controlled car hi-fi systems. Yet, by 1985, the average car may have up to half a dozen microcomputers and over 50 inegrated circuits spread around it.

It is not so long since you could not have fitted that sort of computing power into the back of a pantechnican.

Legislation in the U.S. on both emission control and requirements for improved fuel consumption will push North American car manufacturers faster than European companies.

Just how dramatic this trend will become was illustrated by Mr. Frank Jaumot, Director of Advanced Engineering in General Motors' Delco Electronics division who recently said his company would need 56 per cent of the world market for 8K PROMs and 40 per cent of the available supply of data conversion or analogue to digital devices in 1981.

Engine control

The application of microelectronics in a car is wide. Outside the entertainment system, the major use at present is in engine control, particularly electronic ignition, which replaces the centrifugal and vacuum controls. It is much more sensitive to changes in speed and load and, best of all, does not need retuning.

The use of microelectronics in engine control can be extended to air and fuel supplies and to the control of an automatic gear-box. Although marked efficiencies may be gained from the use of electronics to control the engine it is a hostile environment and the car manufacturers are concerned about reliability of the chips.

The entire dashboard is another area the chip-makers and car companies are looking to as a major application of electronics. A complete electronic dashboard could give more comprehensive and more accurate measurement of wide range of functions and warning lights.

There are a number of options on how the information would be presented, ranging from the liquid crystal display, used in calculators, to a television screen. Even more futuristic, some semi-conductor manufacturers are talking of "head up" displays which project the information on to the windscreen, as used in military aircraft.

Another major use which is seen as having enormous potential is a system which would dramatically reduce wiring in cars saving both weight and expensive copper. Instead of the present very complicated wiring harness, it will be replaced by a single wire with a small chip at each light or other electrical device which can be instructed to switch itself on or off by a coded message from a microcomputer.

Electronic anti-lock braking systems are already available, electronic direction and traffic information systems are being tested in Germany. Better anti-theft devices, better temperature control, automatic fault diagnosis, and keyless ignition are all being developed.

All use a number of integrated circuits and with a world car market of around 30m a year it is little wonder that the semi-conductor manufacturers see it as a very significant and fast growing market.

Another major area of growth is in telecommunications, which is both moving quickly into microelectronics and is itself expanding very rapidly around the world, especially in Europe and in Third World countries.

More than 16 per cent of integrated circuits are going into the European communications industry and this is likely to increase as countries rapidly introduce modern digital exchanges and as the volume of data and information networks increase.

A number of manufacturers see considerable further potential in the consumer market. Television, hi-fi and radios are considerable users of integrated circuits as are electronic hand-held toys and games although both are probably fairly mature markets with not a lot of growth.

Growth area

In contrast, the white goods sector — washing machines, tumble driers, dishwashers, fridges — and small domestic appliances, such as hairdryers and electric drills, which have not seen much application of microelectronics is described as a strong growth area by a number of semiconductor manufacturers.

Washing machines, as an example, increasingly use electronic controls on the motor to give much more variation of control on spin speeds. Higher spin speeds has been used as a major selling point by the manufacturers, but it brings with it the problem of balancing the load so the machine does not start to shake violently. Electronic control can increase the speed much more gradually to produce an even distribution of the load.

And manufacturers are beginning to introduce machines with electronic programme controls giving the owner far more choice over washing programmes, spin speeds, and temperature. The added features are likely to become major selling points, although whether buyers actually ever use the variety offered by electronic control is another matter.

The number of applications of micro-electronics in the consumer electrical goods market is enormous. Hairdryers, electric irons, room temperature thermostats, food mixers, boiler controls, burglar detection equipment, lighting controls, dishwashers, slide - projectors are (or will be) available with the added benefits of that ubiquitous chip.

Another major application of chips is in industry. Process control, temperature control and monitoring, metallurgical analysis, stress analysis, batching and testing, robots, automated equipment, materials handling, data processing . . . the list is almost endless.

Similarly, in the office the microchip is to be found in electronic typewriters, photocopiers, facsimile transmitters, switchboards and wordprocessors.

There is no escaping them. But British industry is not grabbing as many opportunities as it might, but the situation is improving, according to Mr. John Major, who heads the Department of Industry Microprocessor Application Project (MAP).

About half of British industry is simply unaware of microelectronics. When MAP started in July, 1978, about 5 per cent of companies were aware of microelectronics and doing something about it, which has now risen to 17 per cent with a further 33 per cent beginning to gird their loins, says Mr. Major.

Jason Crisp

MICROELECTRONICS IV

Important changes in technology

EVERY YEAR sees a doubling of the number of elements which can be made on a silicon chip—a rula that has stood the test for the past 15 years. As a result, integrated circuits have fallen dramatically in price—a chip which cost about £20 in the mid-1960s costs only a few pence today.

As well as cramming mpre on to a silicon chip, designers have managed to increase the speed at which calculations are carried out—an important factor in a wide range of computer and industrial fields.

To the layman ona silicon chip looks very mnch like any other, even though they carry out completely different functions as part of a computer, a radio, a television set, as part of the automatic control of a washing machine or machine tool, or even in monitoring pollntion emitted by a car's exhaust.

Every chip is built up like the layers of a thin jam sponge cake, using a highly sophisticated photographic process. Parts of the silicon are etched away with acids while other areas of the chip bava impurities added to give tha circuit the required electrical characteristics.

While the method of manufacture is basic to all silicon chips, there are aeveral different technologies which determine tha speed, size and power consumption of each circuit.

The two most common forms of transistor technologies, from which most others are derived, are called bipolar and metal oxide semiconductor (MOS) for short. The difference lies in the basic elements from which the circuits are fabricated.

The basic element for bipolar is, naturally enough, the bipolar transistor. This was the first type of transistor capable of being made as part of an integrated circuit and for several years all silicon chips were made from bipolar transistors.

In the late 1960s, bowever, the field effect transistor was developed, with several advantages over bipolar ones. It was smaller—so that circuits conid contain more transistors for the same area and consume far less power. Its disadvantage was that it operated at slightly slower speeds than its bipolar equivalent.

In general, field effect transistors which are made with the MOS process require fewer manufacturing steps, so that they can be made morec beaply.

During the 1970s rivalry between the two types of technology caused many deviant forms to emerge so as to overcome disadvantages and to allow the two technologies to be used for as wide a number of uses as possible.

For example, bipolar designers came np with low power Schottky—which aimed to reduce power consumption and extend the life of battery-powered equipment and products. Another bipolar development was called I2L, which allowed higher packing densities of transistors to compete with MOS.

In general bipolar technology is considerad soperior for applications where analogue integrated circuits are required—for example, as converters between the digital world of compnters and industrial machines which rely on varying electric currents, and for amplifiers.

MOS technology, on the other band, is used for products such as calculators and digital watches where low cost, small size and low power consumption are the requirements. It is also used for storing large amounts of information which is needed in all computer systems. MOS is now more widely used than bipolar.

Widely used

Computer designers once used magnetic memory, called core memory, made up of thousands of individual tiny magnets which stored information in binary form. Today much of that mass memory is semiconductor-based, using MOS.

For mass memory, designers took a careful look at tha basic element, decided they could make it even simpler and produced the charged coupled device (CCD).

Unfortunately this technology has not fulfilled its early promise of dramatically increasing circuit densities because it was ousted by a more promising technology. CCDs do, however, have many useful applications in low light electronic cameras and light sensing.

CCDs are a pattern of conductors on the surface of the chip which propels an electric charge—representing the binary 1 and 0—through the material until it reaches its proper location, where it is stored. The CCD operates like an array of capacitors which can pass an electric charge from one to another. As a memory CCDs can store information for up to a year even when tha power is switched off.

After a promising start, CCDs were eventually overtaken by a more exciting and promising technology which was not based on either MOS or bipolar elements.

This technology, which has superseded CCDs for computer applications, is called bubble memory. It bas been developed by companies like Texas Instruments and Rockwell International. Compared with the 64,000 bits of information stored on MOS chips, bubble memories capable of holding 1m bits have already been designed. This typa of large memory is intended to rival the conventional mass storage systems such as magnetic drum, disk and tape.

They are made from a special group of synthetic garnets which are magnetic. A very thin layer of garnet lying on a supporting layer called a substrate is divided into microscopically small areas called domains which act as tiny magnets.

In normal circumstances the domains have very irregular shapes but when a strong magnetic field is brought near them they shrink into near-cylindrical shapes which are called bubbles.

Usually the field is supplied by a permanent magnet. In operation tha chip is split up into a number of geographical areas. At each particular location the presence or absence of a bubble indicates a 1 or 0 of the binary arithmetic used for all computer calculations.

In any memory storage system it must be possible to generate the 1s and 0s according to the computer's needs, as well as allowing tha computer to read information from it.

Manufacturers say that by the end of the 1990s the capacity of a standard bubble memory could contain up to 256m bits of information. In addition, because bubble memories aort information magnetically, when the power is switched off tha contents of the memory are not destroyed as is the case with soma other semiconductor memories.

Bubble memories are still more expensiva than MOS, but with the growing interest in the computer industry, prices are likely to fall significantly.

Elaine Williams

Unions hold cautious view

THE APPLICATION of microelectronic technology to the means of production is an enormous step forward in the 200-year-old process under whicb capital bas been substituted for labour.

The net effect of such a step is now, as it has always been, to increase productivity. This trend, coopled with the use of microelectronic devices inside commodities and equipment (where they replace, typically, electro-mechanical parts) means that, for certain products, prices are falling, while larger volumes of goods are being produced more reliably.

Thus, in those sectors where goods are both produced with the aid of microelectronic technology and incorporate that technology—a growing number—the market is widening. Data processing is the classic example. Processing costs are falling in real terms year-on-year, as the direct labour incorporated in their production falls and their use of more and more densely integrated components rises.

Ending the narrative there, the conclusion is obvious: the use of microelectronic technology in production is an economic gain, perbaps the major counter-inflationary force presently available to industrial nations. However, it cannot be left there: at the root of matter is the unanswered question: can the widening of the market proceed rapidly and far enough to create further demands for the labour displaced by automated production?

Furthermore, what kind of jobs will disappear, and what kind will be created? And how can societies managed the transition between them?

It is clear that:

- Those countries and companies which embrace the new technology most rapidly and completely will tend to reap the largest rewards.
- Even those countries which do innovate rapidly will not escape a painful transitionary process.
- Those which do so slowly, usually because of pressures from their industrial labour forces, will compound their economic problems.
- Those with a large traditional industrial base which attempt to innovate rapidly are likely to cause widespread social disruption.

The contraints on countries are, therefore, tight: the best possible route to be hopad for is one which manages the creation of a high technology sector, large and profitable eoough to generate sufficient surplus to subsidise the gentle pbasing down and modernisiog of the traditional iodustrial sector, while simultaneously retraining and relocating the workers from the latter in the former. Needless to say, the model is rarely achieved.

Japan bas apparently beeo the most successful in approximating this aim, since it has been aided greatly by lacking much of a pre-war industrial structure aod by a labour force which, since the fifties, has co-operated relatively enthusiastically in technical change and in productivity measures.

Flexibility

The U.S., too, though in a quite different fashion, bas shown itself capable of rapid adaptation to microelectronics. It bas done so to the benefit of many of its iodustries largely because it was the first country to develop "chip" technclogy—maioly for military and space programmes—and was also inventive enough to adapt military applications to commercial ones. The U.S. also had by far the strongest computer industry in the world (IBM controls between 50 and 60 per ceot of the world market).

In both countries, tbere has been little debate over the impact of that technology on the employment market: it has either been substantially ignored (as in the U.S.), or swept away under the centrally recognised imperative of modernisation (as in Japan). In Western Europe, the technology, which has been slower in coming, has also enjoyed a markedly differeot reception.

Governments welcomed it, exhorting its citizens to be aware of it (especially if they were manufacturers) and usually providing subsidies to those who wisbed to introduce it.

Many compenies, especially in Britain and Italy, have shown tbemselves slow to take this advice, especially in times of recession. Even large, advanced electrooics companies cootinued to buy in technology rather than to develop it themselves—a strategy of dependence in an age where commercial success increasingly depeods oo innovation and exploitation of the innovatioo.

It is the reaction of the European labour force, bowever, which most concerns us. It has been cautious: no major union bas taken up a position of over-hostility to the new tecbnology, but most bave stressed the malign, job-destroying tendencies which they see as inherent in it, and bave called for its introduction to be carefully planned aod regulated to avoid the worst of these cootingencies.

A report by the Brussels-based European Trade Union Iostitute, pointed out last October that "there is no automatic mechanism in freely operating market economies by which techoological innovation will itself create sufficient extra demand to re-employ the workers displaced."

The report also noted a switch of employmeot to componeot manufacturers in the U.S. and Japan, a large tbreat to clerical employment as automated office systems come into geoeral use in the later 1980s and because of this, a disproportionately high iompact on women's jobs.

Tbe nub of tbe issue, according to the institute, is that "the impact of microelectronics on manufacturing and tertiary sector employment in Western Europe is taking place at a time of already severe conjunctural problems, of both structural and demand deficient unemployment, which are likely to persist on unchanged policies into the 1980s."

Becausa of these "severe conjunctural problems," European unions are already on the defensive. They are thus unlikely, in practice, to make distinctions between "technological" unemployment and the more ordinary kiod, and are inclined to attempt to stop the causes of both.

New technology, then, has often met resistance, fanned more by fears which pre-dated its introduction than are owing to its effects.

For all that, there has been attempts by organised labour in Europe to co-operate actively with automated processes, even where the unions run the risk of alienating their members by doing so. In Britain, for example, the TUC is labouring bard to produce a "techoology agreement" with the employers' organisation, the CBI, an agreement which would provide an umbrella, or set of guidelines, for localised deals.

Labour has taken the lesson, spelled out elsewhere in the Institute's report, that "there is no possibility that Western Europe will remain generally immune from the application of microelectronic technology" during the 1980s. The problem it faces, however, is that it will have to bear the major brunt of that lack of immunity, without being able to cootrol it.

John Lloyd

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A foreign tonic for an ailing U.S. grocer

The former head of Cavenham's American foods group is trying to revive the fortunes of a rival German-owned supermarkets company. **Ian Hargreaves** reports

"THE THING this company had missing when I arrived was an adequate management system." Whatever one may think of management consultants, this is a pretty odd remark to make of a company which was overbauled by Booz Allen and Hamilton in 1977, and McKinsey in 1979.

The speaker is James Wood, a Briton who four months ago surprised Sir James Goldsmith by abandoning his successful regime as head of the Cavenham Group'a U.S. supermarkets group, Grand Union, to become chairman of one of the longer-stay patients in the casualty ward of U.S. business, the Great Atlantic and Pacific Tea Company.

A and P, as it is known, is an American institution, as its full name implies. In British terms it is a bit like Sainsbury's but less successful, suggests Wood.

Less successful indeed. In the last two years it has lost over \$55m on annual sales. Not only this but the 1979 figure of \$6.7bn was 25 per cent lower in absolute terms than at the start of the last inflationary decade.

But no one can claim that A and P's debilitation was caused by the absence of medication. Wood'a predecessor, Jonathan Scott, spent five years commissioning reports and putting them vigorously into action. The company in that period launched five closure programmes, designed to cut away the sicker areas from its operations by shifting its centre of gravity from the decaying city centres of the urban Mid-West and North-East to the go-go areaa of the suburba and the South.

Nor, on paper, could Scott be considered the wrong man. He got the job because of his record in tripling sales within a decade as president of Albertson, an Idaho-based food chain. He was selected without the aid of Booz Allen, as precisely the sharp young professional needed to kick Auntie A and P into the second half of the twentieth century.

Scott left in April, having failed to agree a renewed contract with the new masters of A and P, the German retailing group Tengelmann. He left the shareholders with 500 fewer stores, with a completely reshaped management structure, lots of new faces, but an earnings record more dismal than the day be arrived.

"I have to say that the five-year closure programme was probably the wrong way to go," says Wood, speaking from the company's park-like Montvale, New Jersey, headquarters which A and P bave occupied since it left central New York in the early 1970s.

"You should never close stores just because of poor management and unprofitability," be says. "The only thing that matters is location. If the location is right, you can get the rest right." He points ruefully to the case of a former A and P store in Scranton, Pennsylvania, which Scott sold to Shoprite and which today is doing three times the business it did under A and P, and stealing trade from two other A and P stores in the area.

There will, he pledges, be no closures under his chairmanship until A and P has a total plan —which will take another six months—and until he has tried to blot up some of the red ink by getting labour, marketing, the stores' frequently tatty physical condition and, yes, the management system right.

Although he talks about management systems, Wood does not come across as a great theorist. He started in the grocery business at the age of 14 in a Co-op corner shop in his native Newcastle-upon-Tyne. Faced with a question about, say computers, he is apt to reply: "Oh, I never read computer print outs"; then equally quickly retract to say well, yes, of course, he does read them, when it's necessary, but it's a question of how you go about it.

It is also a question of how you go about closures, management reorganisation, capital spending, labour bargaining, training and all the other things. Scott and bis management consultants did these things; they just did not do them effectively.

"I use management consultants," Wood says, "but I think a lot of companies call them in and ask to be told how to run the business. I think that's wrong. You bave to draw a tight circle around management consultants; give them a specific job."

So, what is Wood's management system? In outline, it does not sound theoretically far removed from some of Scott's concepts.

He haa increased the number of divisions in the company, increased the management tier above store level from 19 to 27, reducing the number of storea for which any individual is responsible, and paring back that responsibility only to those directly concerning the regional operations of the divisional manager's stores. Above the divisions are nine group managers, responsible for broader functions, such as buying, and so on up to head office level.

The numbers and the theory make sense, as would other numbera and other theories, but one suspects the prime mover in Wood's thinking was the far more personal task of matching the right men to the right jobs, i.e. 27 diviaions because there are 27 suitable candidates for divisional manager, or something along those lines.

Beneath the board, a series of sub-boards meets regularly to examine certain policy areas. The reports of these meetings form part of the management information which is transmitted by Wood to Tengelmann.

The Tengelmann connection is itself a matter of some fascination. Erivan Karl Haub, chairman of West Germany's largest supermarket firm (but less than balf the size of A and P) led his family controlled business into what is bound to be a long march at A and P early in 1979 when he heard that the Hartford Foundation, a U.S. philanthropic trust, and then owner of 25 per cent of A and P, was interested in selling its lacklustre huldings.

Hauh spent a year building Tengelmann's stake—it is now just under 50 per cent—and in the process inspired a growth of confidence about A and P on Wall Street which was recently well reflected in a hugely over-subscribed rights issue made by the company. Having examined Scott's record and performance in detail he also shopped around and came back with Wood, who extracted from Tengelmann a contract juicy even by the standards of corporate America. Tengelmann paid him \$300,000 on transfer, \$400,000 a year salary, annual bonuses of between \$0.9m and \$1.2m and what is described as a phantom stock issue which could eventually give Wood almost 3 per cent of the company.

A AND P COMPARED WITH A COMPETITOR OF SIMILAR SIZE*	Sales \$m	Net profit \$m	Capital spending \$m	Number of stores
1975				
A and P	6,500	— 0.03	65	2,074
Kroger	5,400	34	70	1,791
1979				
A and P	6,700	— 3.8	70	1,542
Kroger	9,000	105	176	1,734

* Kroger is the second largest supermarket and drugstore chain in the U.S.

Wood confesses that he was worried, not just about joining a long time loser in A and P, but in working for a fellow grocer. Jimmy Goldsmith was an exacting taskmaster, "but he left you to get on with it. Erivan Haub is a major retailer and I did not want someone continually looking over my shoulder," he explains.

Little over three months into the relationship, Wood says his fears bave vanished. The Germans—Haub has brought others on to the board—turn up promptly for board meetings every other month and pay close attention to Wood's written reports. But they do not often talk on the telephone. So far Wood bas not even been to visit Tengelmann—in fact his only visit to West Germany was to the Munich Olympics.

Along with some industry watchers Wood was also worried that Tengelmann wanted to thrust upon A and P a Germanic view of American retailing, most notably through the introduction into the U.S. through A and P of Tengelmann's "Plus" store concept—a small no frills shop where large (in the U.S. over 30 per cent) price cuts are offered on a large proportion of a limited range of goods. "I made it clear that they might have to accept the blackballing of Plus before I agreed to take the job," he says candidly. But he has been "favourably impressed" with the Plus shops so far, and is planning to open 90 more this year — there are about 20 already. Double digit inflation in the U.S., he believes, made Plus an idea whose time has come.

James Wood, A & P's chairman and chief executive—using the carrot and stick technique to get results.

He says the Germans have also helped to instil a sense of discipline into A and P, a feeling of confidence about its longer range future, and more backing for his own first principle that management should never act without detailed plans and forecasts of the effects of a decision. In addition, be quips, "the meetings really do start at 8.00."

Whether this amalgam of German vision and discipline with Geordie charm and rough handed persistence provide the right recipe for rescuing dear old A and P only time will tell.

The company's problems are, as Scott and his consultants found, easy to oversimplify. The U.S. food selling business is mature, intensely competitive, undergoing rapid technological change (with the introduction of automatic price scanning at checkouts, for example). More than any other business, it is susceptible to demographic switches and therefore to shop location. Within the past two years, one large chain, Food Fair of Philadelphia, has gone bankrupt.

Food retailing is one of those industries where top management has not only to get right the fundamentals of marketing, labour and financial control, but where that touch of magic is also needed to make sure the refrigerators are not cluttered with ageing cabbages as well.

On the fundamentals, Wood has already addressed what be argues is A and P's basic problem — excessive labour costs. He recently struck a deal with employees and their unions in A and P's key North Eastern region. This involves staff abandoning a practice which has made A and P's labour costs two or three percentage points bigher than even completely unionised competitors. (About half of A and P's staff are union members, which is considered high compared with the rest of U.S. retailing.) A job security clause bad enabled senior A and P staff to claim the right to move to a neighbouring store if their own sbop was closed. With the vast number of closures A and P has gone through in the last five years, a lot of former store managers, on high salaries and with five weeks holiday a year, appeared on checkout counters.

This deal, says Wood, has taken A and P off the "high risk" list. It was achieved, he believes, with a generous payoff for voluntary redundancy and more than a little help from his reputation at Grand Union, where unions accepted a raw deal on warehouse jobs on the pledge, later fulfilled, that the company would expand and produce additional jobs further down the road. In six years at Grand Union Wood doubled sales to \$3bn and added 300 stores.

His goal at A and P, he says, is to drive the company to a point within five years where it matches industry averages for return on sales. The industry's average net income as a percentage of sales is running at a tight 0.93 per cent. To match this target A and P's sales would bave to grow at 15 per cent a year, Wood calculates.

If be meets these goals, there will be oohs and ahhs all around the industry. When Wood's strategy is complete, it will no doubt involve further developing the Plus side, building some more big stores in the Sunbelt, improving productivity in the company's food processing division, and working and working at the Atlantic seaboard states where A and P'a future will be won or lost.

Wood does not expect profits this year or next, but already, he says, in the middle of a recession and with price cutting in the industry as rampant as ever, A and P has started to show some modest advance in sales.

Says the Briton who, when interviewed, was clad in an American golfing check jacket and a slightly frayed shirt: "Kick a few arses and pat a few beads and you get some reaction."

Business courses

Preparation and Planning for Word Processing, London. October 21. Fee: £80 (plus VAT). Details from Management Studies Centre, ICFC Consultants, 5 Victoria Street, Windsor, Berkshire SL4 1EZ.

Maintenance, Planning and Control Systems, Brussels. October 20-22. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Solving Problems by Simulation, London. October 28. Fee: £80 (plus VAT). Details from the P-E Consulting Group, Park House, Egham, Surrey TW20 0HW.

Trade Unions in the 80s—Challenge and Response, Henley. October 19-24. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU.

Manpower Planning, Cranfield. October 26-31. Details from Cranfield School of Management, Cranfield, Bedford MK43 0AL.

Companies Act, 1980, London. October 31. Details from The Registrar, Charterhouse Management Courses, 23/24 Old Bailey, London EC4M 7PG.

Introducing Corporate Planning, Bradford. October 20-21. Fee: £150. Details from the University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

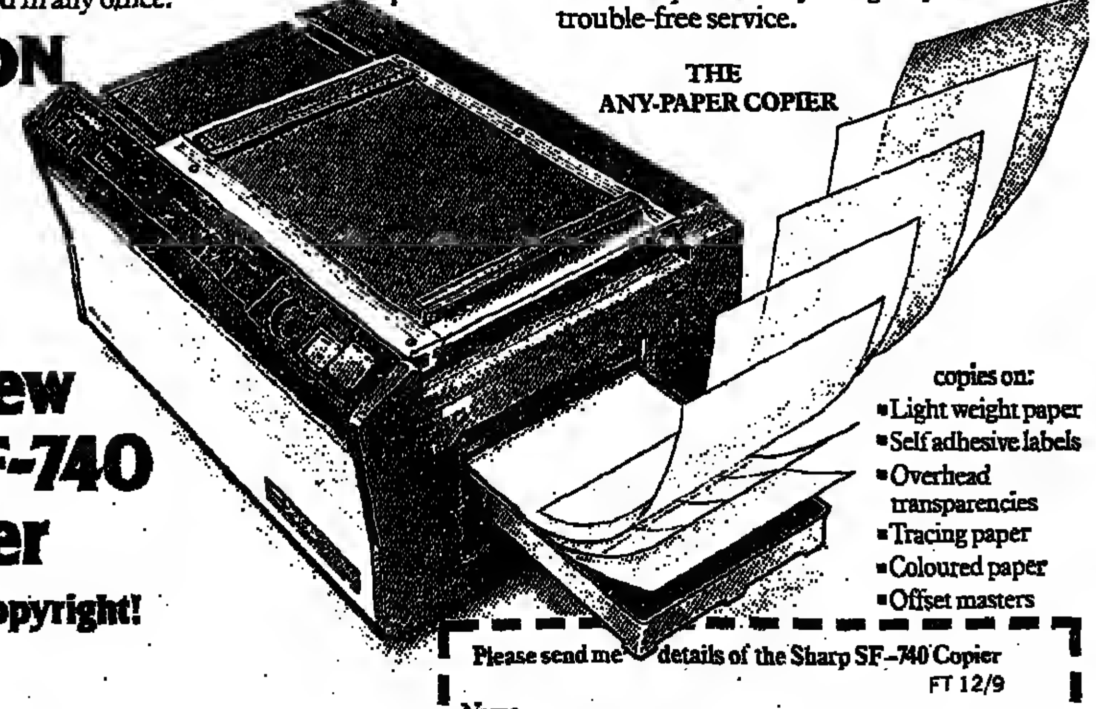
Upper Management and Quality, London. November 7. Fee: £115 (plus VAT). Details from the Institute of Quality Assurance, 54 Princes Gate, Exhibition Road, London SW7 2PG.

U.S. Government Contracts, London. October 27-31. Fee: £437 (including VAT). Details from seminar division, Crown Eagle Communications, Two Bloomsbury Place, London WC1A 2QA.

Managing International Change, Amsterdam. November 10-12. Fee: £275 (plus VAT). Details from Association of Teachers of Management, Polytechnic of Central London, 35 Marylebone Road, London NW1 5LS.

Marketing Management, Slough. October 20-November 7. Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire, SL1 3PF.

Selective Investigation of Accounts—Inland Revenue Procedure and Accountants' Duties, London. November 17. Details from conference organiser, European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland LE15 9PY.



LOMBARD

'Realism' may be only skin-deep

BY ANATOLE KALETSKY

TO THE politically untutored mind it may appear that a reduction in wage inflation to about 12 or 13 per cent by next year (which seems to be about what the Government's supporters hope for) would be nothing to boast about after two years of "unparalleled austerity" and record unemployment—after all, wage inflation was only 13.5 per cent when Mrs. Thatcher was elected. Will a reduction of half a percentage point in the rate of wage inflation really be enough to justify the losses of output that Britain will have suffered by the mid-point of Mrs. Thatcher's five year term in office?

Ill-fated

The faithful Conservative's reply to such criticism is, of course, that 13 per cent inflation under Thatcher and an inflation which seems to be running at the same rate under Callaghan are very different animals. Indeed, even a much lower inflation rate under the Labour Government was regarded as unacceptably high. It was in an all-out attempt to squeeze inflation down from 7.6 per cent in mid-1978 to 5 per cent or less that Mr. Callaghan imposed his ill-fated 5 per cent wage norm and, in retrospect, signed his own government's death warrant.

Now, the broadly monetarist London Business School economic model, which forecasts inflation still running at 7.5 per cent in 1983, suggests that such a limited victory over inflation is all that Mrs. Thatcher can reasonably hope for in the near future. Yet the achievement of this level in time for the 1984 General Election will probably be hailed as a conclusive and triumphant vindication of monetarist economics and Thatcherite politics.

Before the reader concludes that this is simply a diatribe against the double standards of economic pundits, I should admit that an economic justification can be found for the double standards. For it is now widely believed that Mr. Callaghan's apparent achievements in combatting inflation were little more than a conjuring trick. Inflation was never reduced to 7 or 8 per cent really: it was just concealed and bottled up by some skilful juggling with prices and incomes policies, only to be unleashed again, like an evil genie, in the inflationary explosion which was already beginning before Mrs. Thatcher took over.

Mrs. Thatcher, on the other hand, is above any kind of trickery in her anti-inflation performance—she is embarked on a crusade, not a conjuring performance. If she succeeds it will be because the root cause of inflation has been attacked by control of the money supply and by the inculcation of a new sixth sense, called "economic realism," into the minds of the nation's workers.

How plausible are these claims? The first one, about the links between monetary growth and inflation, has been discussed as endlessly (and perhaps as productively) as the question about the chicken and the egg. Amid the present chaos in monetary policy, it is perhaps most charitable to the Government to say that only time will tell whether monetary growth is the root cause of inflation or vice versa. But it is the second point which lies at the heart of the Government's strategy. It is surely obvious that mere incompetence among successive generations of Treasury officials in charge of monetary policy is not the only cause of inflation. Inflation also stems from a conflict between different groups of workers (and to a much lesser extent between workers and employers) over the distribution of the national product.

Discipline

The question that should now be starting to worry some industrialists who look further ahead than the next wage round is whether the "realism" which now seems to be blossoming among their workers is only skin deep. Will wage restraint continue when companies are no longer in peril? Is it really certain that the realism created by unemployment and recession will be any more enduring than the temporary discipline imposed by an incomes policy from above? Or is there a deeper kind of economic realism through co-operation that industrialists and the Government should now be trying to instil?

Unexpected air of hope

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

AROUND BRITAIN

CORBY

ON WEDNESDAY the first sod was cut in the turf for a new distribution centre and warehouse in Corby for the Oxford University Press which, when fully operational, will bring about 180 new jobs to the town.

OUP's move from Neasden, in London, is especially welcome following the battering Corby has taken since British Steel announced last Christmas that it was ending production of steel in the town. At that time the Corporation accounted for around 11,000 of the town's 23,400 workforce, although at the peak of its operations in 1975 BSC had employed 14,000 people.

Ending steelmaking meant a loss of 5,500 jobs in Corby—nearly all of whom have gone. The on-site staff now total 6,000.

Misfortune seldom comes alone and Corby has also been hit by other closures. By chance it has a number of employers who produce goods that face structural problems—notably textiles and shoes—and of the 800 jobs lost outside steel, many have been in these areas. The result is that unemployment, which had been around 7 per cent early last year, shot up to 16.7 per cent compared with a national figure of 8.1 per cent. Among men, the figure is 18.9 per cent against a national 9.2 per cent.

The level of unemployment has still to reach its ceiling. Men made redundant in June and July with good redundancy payments have still to register as unemployed and when they eventually do the figure will go above 20 per cent.

Despite every reason for gloom there is an unexpected air of hope about Corby, generated by the success the town has had in persuading not only OUP but also other firms to set up within its boundaries. By the end of this year it is expected that 1,000 new jobs will be created by firms which have announced plans to go to the town.

A thousand jobs may not be large in relation to what is needed but they go some way towards combatting the worst problem town faces—reassuring the redundant that there is the hope. If an unemployed family believes there is no hope of future employment they will leave, and any exodus will hardly reassure potential employers there is a future for the town.

Corby was greatly helped by the granting of development area status in the middle of last December. Because of the regional grants these brought and because it is now the nearest development area to London, there has been an enormous upsurge of interest in the town.

Some 47 firm inquiries have been made for Government assistance, a figure described by one Government official as "incredible." If these 47 are all translated into company openings they will create 2,700 jobs. In the North Midlands intermediate area, by comparison, only six inquiries have been made this year.

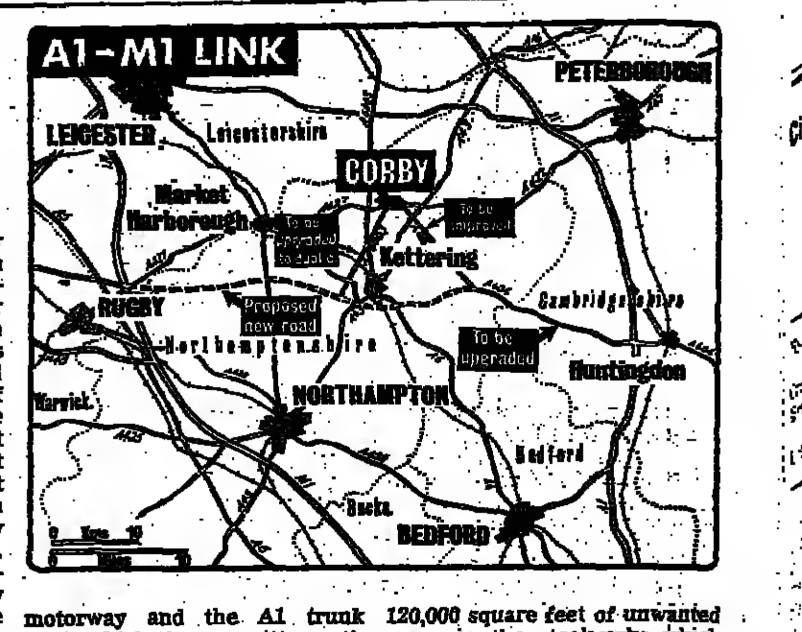
Granting development area status has allowed Corby concerns to tap EEC finance. Five applications to the European Coal and Steel Community, described as "fairly substantial," have already gone through and others are being processed.

Having to cope with the steel shutdown was not made any easier by the ending of Corby's role as a development corporation on April 1 and the transfer of its industrial assets to the New Towns Commission (its housing role went to the local district council). But a lot of good has, paradoxically, come out of this step because it allowed the formation of a joint industrial committee to be set up with backing from Northamptonshire County Council, Corby District Council, the Commission and BSC Industry, the offshoot set up by the Corporation to help create jobs in major steel closure areas.

The committee appointed a new young director of industry, Fred McClenaghan, from Peterlee, and there is a noticeable air of urgency about the efforts of everyone involved to prove that "Corby Works" to use the town's promotional theme.

The committee's first project was to draw up a strategy. This has been sent to ministers and outlines how, at a cost of about £54m, advance factories and industrial estates could be created, roads improved and work on retraining and the environment undertaken.

The Government has already announced plans to provide an improved link between the M1 motorway and the A1 trunk road, which the committee estimates would cost some £18m, and so what Corby is really seeking is a commitment of about £36m from external sources.



It is now looking for private partners for some of this and the first step has been a link with the Prudential to develop 50,000 square feet of factory units at the Oakley Hay industrial estate at the southern end of the town.

Corby has ample land, and some empty premises, but a desperate shortage of units of up to 2,500 square feet for the small manufacturer. The deal with the Prudential will help to ease this blockage.

BSC Industry will also help here because there is about 120,000 square feet of unwanted space in the steelworks which could be converted to small workshops and as much again which can be sold in freehold blocks for people to adapt in whatever way best suits them.

There are other sites in the town that could be made available for industrial use, so that Corby is not without good resources. The strategy drawn up is based on the assumption that even without any further steel cuts about 4,700 new jobs will be wanted in the next four years and that the most urgent requirements are the provision and promotion of marketable industrial land and basic transport links. Corby already appears to have much going for it, so that good might still come out of a desperate situation.

Swelter to win the 'lucky dip'

RACING

BY DARE WIGAN

THE QUALITY of racing at Doncaster this afternoon is unlikely to match the first two days' standard.

However, those who fancy their chance in lucky dips have the opportunity to indulge themselves by tackling the William Hill Portland Handicap (3.05) run over five furlongs.

Twenty horses stood their ground at the overnight declaration stage. It is best to concentrate on those drawn among the high numbers under the stands' rails.

Last year the race was won by Oh Simmie, drawn 18 of the 21 runners, but this time she is drawn No. 4. The chances are that the winner will come from Cree Song, Swelter and St. Terramar, who are drawn 17, 15 and 14 respectively.

It is virtually impossible to separate them at the weights, but my choice is Swelter to win from St. Terramar.

Michael Stoute runs a promising two-year-old for Mr. Robert Sangster in the Daniel Prenn Plate (2.30). This colt Montclair, by Habitat, out of a mare by Ribot, ran for the first time at Newmarket on August 23. He finished third, a neck and five lengths behind First Movement and Gielgud.

In view of Gielgud's victory in the Laurent Perrier Champagne Stakes here on Wednesday, and the fact that he is certain to have derived considerable benefit from his initial outing, it will require an exceptional newcomer to beat him.

Get Stoned, runner-up in the Bessborough Stakes at Royal Ascot and a strong-finishing fourth in the Tote-Ebor Handicap at York, is the likely winner of the British Car Auctions Handicap (2.00).

Our Home, though she has disappointed on several occasions since finishing a close second to Quick as Lightning in the 1,000 Guineas, should win the Dance in Time Plate (4.05).

Goodwood visitors and television viewers will be able to see Kris back in action in the Crown of Crowns Stakes (2.45). Later, they may do worse than to back Burleigh in the George Todd Apprentices' Challenge Trophy Handicap (4.15).

DONCASTER
2.00—Get Stoned**
2.30—Montclair***
3.05—Swelter
4.05—Our Home

GOODWOOD
2.15—Garnish Island
2.45—Kris
3.15—Flighting
4.15—Burleigh*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 11.00 Golf: The Hennessy Cognac Cup: Great Britain and Ireland v Europe. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Bod. 2.30 Racing from Goodwood. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Buford Files and Dinky Dog. 4.40 The Ransom of Red Chief. 5.10 On Location . . . at Pinewood Studios. 5.33 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Bugs Bunny.
7.05 It's A Knockout.
8.20 Terry and June.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Living Legends (London and South East only).
10.45 Regional, National News.
†10.50 The Late Film: "Touch Of Evil," starring Charlton Heston and Orson Welles.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—1.45-2.00 pm Dan Draed. 4.45-5.10 Pippi Hosanhir gan Astrid Lindgren. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Ddeng mlynedd yn ol—Neu fwy. 7.55-8.20 Angels. 10.15 Valentine's Night. 10.55 News for Wales. 10.56-12.40 am The Late Film: "The Outsider," starring Tony Curtis.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland; National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Picture in Question. 10.45-10.50 News for Northern Ireland; National News. 12.40 am News, Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) Brummy Gems; North (Leeds) One Man's River; North East (Newcastle) as BBC-1 North (One Man's River); North West (Manchester) Country Concerns; South (Southampton) More Ways Than One; South West (Plymouth) Brainwave; West (Bristol) Public Life—at the Conferences.

BBC 2

6.40-7.55 am Open University.
9.00 Liberal Party Assembly from Blackpool.
11.00 Play School (as BBC-1 at 3.55 pm).
11.25 Liberal Party Assembly.
2.00 pm Golf: Hennessy Cognac Cup.
3.15 Liberal Party Assembly.
4.30 Golf (Hennessy Cognac Cup).
4.50 Open University.
6.55 The Sky At Night.
7.15 Mid-Evening News.
7.25 Gardeners' World.
†7.50 Blitz On Britain.
9.00 Escape.
9.50 Ronnie Prophet Entertains.
10.20 Leap In The Dark.
10.50 Newsnight.
11.45 Golf highlights.
†12.15 The Outer Limits.

LONDON

9.30 am Rocket Robin Hood. 9.50 Nature of Things. 10.40 Story Hour. 11.30 The White Stone. 11.55 Beany and Cecil. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home-made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 Houseparty. 2.25 Racing from Doncaster. 3.15 The Liberal Party Assembly. 4.15 The Daredyke Mystery. 4.45 Runaround. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 The Incredible Hulk.
8.30 Holding the Fort.
9.00 The Gentle Touch.
10.00 News.
10.30 Benson.
11.00 Seven Ages.
11.45 Side Street.
12.40 am Close: Personal choice with Robert Rietty.

All IBA Regions as London except at the following times:

ANGLIA

9.35 am Who's Afraid of Opera. 10.05 The Human Face of China. 10.30 World Worth Keeping. 10.55 The Galway Way. 11.55 Cartoon Time. 1.20 pm Anglia News. 6.00 About Anglia. 10.30 Speedway. †11.15 Friday Late Film: "Reach for the Sky," starring Kenneth More. 1.45 am At the End of the Day.

ATV

9.35 am Something Different. 9.50 The Masterbuilders. 10.20 Survival Special. 11.05 Kidsworld. 11.30 The Human Face of China. 1.20 pm ATV News. 5.15 Laverne and Shirley. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 The Best of British: "The Virgin and the Gypsy."

BORDER

9.35 am Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Morning Matinee: "Rogues of Sherwood Forest," starring John Derek. 1.20 pm Border News. 5.15 Anna and the King. 6.00 Lookaround Friday. 8.30 Superstar Profile. 7.30 A Man Called Sloane. 10.30 Look Who's Talking. 11.00 Late Film: "Dead or Alive." 12.40 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 6.00 Channel Report. 6.35 Horses in our Blood. 7.30 Have Girls Will Travel. 10.28 Channel Late News. 10.35 TV Movie Premiere: "Adventures of The Queen." 12.15 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Fireside Theatre. 11.30 Documentary. 1.20 pm North News. 2.00 North News. 6.10 Fleir. 6.35 Crossroads. 7.30 Coronation Street. 8.00 Hart of the Yard. 10.30 Reflections. 10.35 Feature Film: "Kelly's Heroes" starring Clint Eastwood. 1.00 am North Headlines and Road Report.

GRANADA

9.30 am The Challenging Sea. 9.55 Tarzan. 10.40 Spiderman. 11.00 Sesame Street. 1.20 pm Granada Reports. 5.10 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Soap. 11.00 The Continental.

HTV

9.30 am Survival. 9.55 Animated Classics. 10.35 Bailey's Bird. 11.00 Sesame Street. 1.20 pm HTV News. 5.15 Spiderman. 6.00 Report West. 8.30 WKRP in Cincinnati. 7.30 Tanspeed and Brown Shoe. 10.28 HTV News. 10.35 The Good Neighbour Show. 11.05 The Friday Film: "The Abominable Dr. Phibes."

HTV CYMRU/WALES—As HTV West/HTV General Service except: 11.55 am-12.10 pm Cei Cocos. 4.15-4.45 Y Car O'r Cychwyn. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Enterprise.

SCOTTISH

9.30 am The Story of Wine. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Target the Impossible. 11.05 Terrahawks. 1.20 pm News and Road and Weather. 5.15 What Happened Next? 5.20 Crossroads. 6.00 Scotland Today. 6.45 Heat Here. 7.30 Coronation Street. 8.00 Hart of the Yard. 11.00 Late Call. 11.05 Night for the Screamish: "Island of Terror," starring Peter Cushing.

SOUTHERN

9.30 am The Wild, Wild World of Animals. 10.00 A Reason for Living. 10.25 The Rovers. 10.50 Chopper Squad. 11.45 Larry the Lamb. 1.20 pm Southern News. 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Tell Me Another. †11.00 "The Pumpkin Eater," starring Anne Bancroft.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 Hands. 9.55 Chopper Squad. 10.40 Wild Life Cinema. 11.00 Animated Classics. 1.20 pm North East News and Lookaround. 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Valentine's Day. 11.00 Film of the Week: "The Executioner." 12.30 am Countryside Christian.

ULSTER

9.30 am Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Cartoon Time. 11.00 Sesame Street. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Anna and the King. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Friday Film: "Matt Helm." 12.20 am Bedtime.

WESTWARD

9.30 am Weir's Aweigh. 10.00 Showjumping with Harvey Smith. 10.25 Portrait of the Artist. 10.40 Sesame Street. 11.40 The Beatles. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Have Girls will Travel. 10.32 Westward Late News. 10.35 TV Movie Premiere: "Adventures of The Queen." 12.15 am Faith for Life. 12.20 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am World We Live In. 9.55 The Nature of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubbles. 1.20 pm Calendar News. 5.15 Against the Wind. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Charlie's Angels. 10.30 Soap. 11.00 The Friday Night Film: "Cotter."

RADIO 1

(S) Stereophonic Broadcast
‡Medium Wave Only

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02 The Friday Rock Show (S). 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 6.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing at Doncaster. 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Dad's Army. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.10 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer. 10.00 Music for Two Violins (S). 10.50 Couperin and Rameau (S). 11.55 Stabat Mater (S). 12.25 pm Boston Symphony Orchestra: Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 2.05 Comparing Notes (S). 3.05 John Dowland (S). 3.35 Flicker in Retrospect (S). 4.55 News. 5.00 Mainly for Pleasure (S) († and mono only from 6.20). 7.00 Haydn (S). 7.15 One Pair of Ears. 7.30 Proms: Concert, part 1 (S). 8.00 Fabulous Beasts. 8.20 Proms: Part 2 (S). 9.45 Rosalyn Tureck (S). 10.00 Angels or Dirt (S). 11.00 News. 11.05-11.15 Debussy (S).

VHF ONLY—Open University—6.00-7.00 am and 0.20-7.00 pm.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 The Wheels of Chance by H. G. Wells. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Battle of Britain (S). 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Faraway Food. 4.40 Preview. 4.45 Short Story. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.00 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 The Countryside in September. 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 The Archive Auction. 1.45 Friday Treat. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 The Hitler Years. 8.30-5.00 am Join Radio 2.

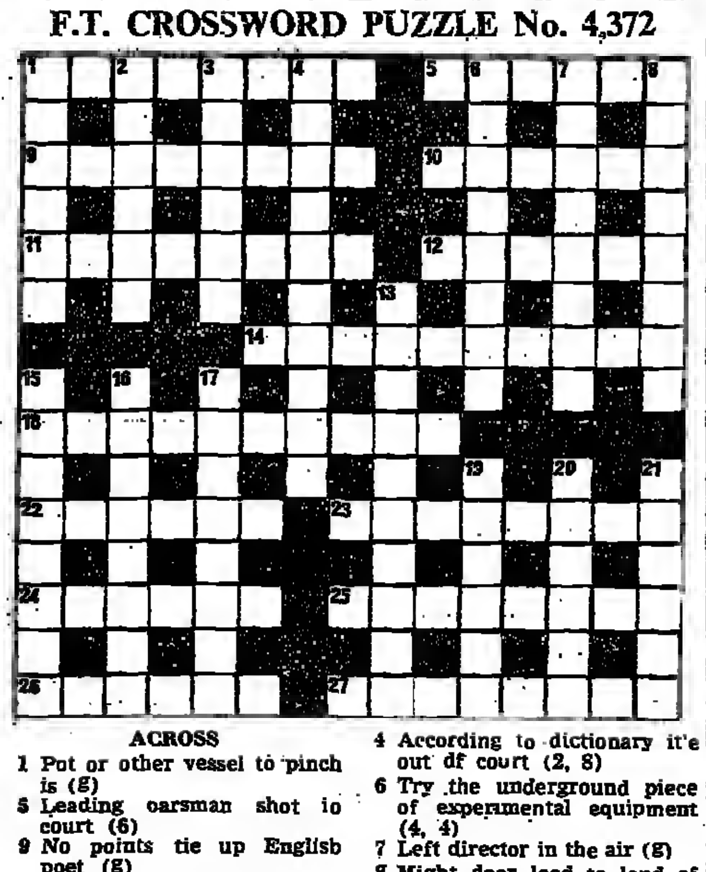
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight Special. 9.00 Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 am Night Extra. 4.00 RSA Lectures. 4.30 City Week. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued) (S). 3.00 Roger Scott (S). 7.00 London Tonight (S). 9.00 "Chains" with Peter Young (S). 11.00 Late Show (S). 2.00 am Night Flight (S).

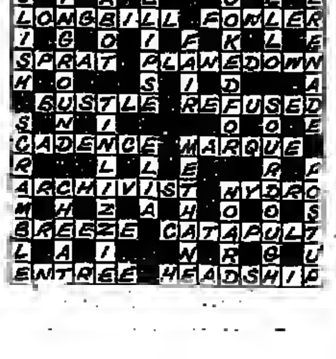
F.T. CROSSWORD PUZZLE No. 4,372



ACROSS
1 Pot or other vessel to pinch is (8)
5 Leading oarsman shot in court (6)
9 No points tie up English poet (8)
10 Like third-class finish to climb (6)
11 Prisoner taken to clink by a student of marriage (8)
12 And so on to female's engraver (6)
14 Nothing furtive about chairman's position (5, 5)
18 Left accountant with combine completely indifferent (4, 6)
22 Invader reaches river before assistant (6)
23 Hostile to European? Just the opposite (8)
24 Fancy being near to reformation (6)
25 He's responsible for course of kind of apple-cart (8)
26 Hide mineral in excitement (6)
27 Present person with a West-End offer (8)

DOWN
1 State of America one company describes as material (6)
2 Month Mrs. Sharples went in for several days' devotions (6)
3 10 down with 100 per cent in terms of effort (3, 3)
4 According to dictionary it's out of court (2, 8)
6 Try the underground piece of experimental equipment (4, 4)
7 Left director in the air (8)
8 Might door lead to land of plenty? (8)
13 Average dinner and trip to the theatre (7, 3)
15 Lively chap going with set in train (5, 3)
16 Disposer in capacity of foreign gent (8)
17 Trace cop twisting receiver (8)
19 Paper for one with cold tip-top children (6)
20 Cod war rewritten by dramatist (6)
21 Person intending to come closer (6)

Solution to puzzle No. 4,371



ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). THE ROYAL OPERA. DER RING DES NIBELUNGEN. Ton't. 5.30 Die Walküre. No seats avail. on the day for Ring perfs.

THEATRES

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Ton't., Tomor. 7.30. AMADEUS by Peter Shaffer. LYTTELTON (proscenium stage): Ton't. 7.45. Tomor. 3.00 & 7.45 low price previews WATCH ON THE RHINE by Lillian Hellman.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

THEATRES

CINEMAS

ART GALLERIES

CLUBS

Please send me details of your subscription rates and how to receive the Financial Times regularly.

(BLOCK CAPITALS PLEASE)
Name
Position
Company
Address

Tel: Telex:

Cut out and send to: Len Porter, Subscription Manager, Financial Times, Minster House, Arthur Street, London EC4R 9AX. Telephone: 01-623 1211 Telex: 8814734

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

THE ARTS

Cinema

Civilised animals by GEOFF BROWN

My American Uncle (A) Academy
Cruising (X) London Pavilion
Brubaker (X) Leicester Square Theatre
Urban Cowboy (AA) Empire

It has not been a week for those with delicate sensibilities. In both *Cruising* and *Brubaker* the cinema screen throbbed unpleasantly with the sights and sounds of hodily torture and outright murder, committed in oone hut the dankest, dingiest places. *Urban Cowboy*, with its restrained AA-certificate fisticuffs, offered a modicum of consolation, always providing you felt happy spending two hours with the cleft chin and strutting legs of John Travolta. But at least Alain Resnais' *My American Uncle* (winner of the Grand Jury Special Prize at Cannes) made the week worth while: a film abundantly civilised, abundantly intelligent, and with nothing more *grisly* than the sight of mice receiving a harmless electric shock inside a cage or a tortoise struggling on its hack.

Animals in fact play a key part in the proceedings; they are certainly more important than any American uncle—a proverbial figure in French life who is meant to return from America loaded with money to solve all the family's prohlems The film'a early scenes are densely packed with shots of a peramhulating tortoise, an exploring puppy, a quivering frog, a rooting bnar; there is also much plant life, domestic ohjects like a sewing machine, spoon and doorknob, snaps of the three main characters in childhood and adolescence, and brief clips of their varions film *idols in action*. This bizarre, perplexing inventory is only given its full meaning by the end of the film, when the characters' lives — at first separate — have become entwined in a manner recalling the soap opera habits of Clande Lelonch. But fear not for Resnais: there is still a world of difference hetween the two film-makers. Where Lelouch likes to surround his love stories with vacuous potted histories of modern culture and politics, Resnais uses his narrative strands, his animals, and doorknobs, to embody the biological theories of a learned professor, Henri Laborit, who graces the film with a spoken commentary and appears occasionally in a blue shirt talking impressively in a corner of his study.

Laborit, the film reveals, bas studied patterns of intelligence and hehaviour in plant, anlmal and hnman life, and concluded that we are all slaves to our environment and eacb other. He has also concluded, after lahoratory experiments, that the most commoo reaction to danger is inhihition, which in the human species generally leads to anxiety and physical illoess. Resnais' story—and his manner of telling it—is desigoed to show these experiments and theories in action. The hinlogical equilibrium of Jean (Roger-Pierre), the middle-class radio executive and aspiring politician, is disturhed by his love of fringe actress Janine (Nicole Garcia), who in turn impinges at a crucial momeot oo the thwarted carcer of René (Gerard Depardieu), the unimaginative manager of a textile factory. The characters' various pressures result in kidney trouhles, stomach ulcers, attempted suicide. And there is no American uncle to transform their lives: to *change* anything, Resnais and Laborit conclude, one must first know the functions and capabilities of the human mind itself.

From this complex mixture of fiction and documentary, entertainment and lecture, Resnais has devised nne of the most curious and fascinating nf all his films. His reliance on the theories of Labnrit doesn't mean that his own personal concerns are forgotten, for the film continues his obsession with the workings of history and memory on human heings (Laborit at one point defines a living creature as "a memory which acts"). But the film is formally simpler than usual, and there is mucb impish wit in Resnais' editing of his disparate material—in particular the brief clips of Jean Gabin looking masterful or Jean Marais looking heroic, inserted at choice, ironic moments. Indeed, for all the density of its thought and action, *My American Uncle* has the airy, lightweight feel of a divertissement.

Cruising, by comparison, has the feel and weight of a bulldozer. The director (and writer) is the erratic William Friedkin, returning to the field of sensational subjects seven years after *The Exorcist*. One can only hope and pray that his latest exercise exerts far less influence on the industry. Opening titles tell us that the film is partly based on fact—specifically, a cbain of homosexual killings in New York throughout the Seventies. We are also told that the gay bars featured so prominently (their actual names discreetly changed) still operate in the maoner depicted here — with men wearing leather hoods, men in nothing but *jockstraps*, men with bells that light up, meeting and dancing in an atmosphere so chnked with heavy menace that it's surprising anyone can breathe. It may he so, indeed: the present critic must beg forgiveness and plead ignorance. But there is certaioly no douht that the film speedily departs from the realm nf objective fact in its overall mood.

For the story of Al Pacino's young police officer on his uodercover assignment to stalk the homicidal killer moving among New York's gay scene results in nothing more than a chain of atrocities, relayed hy Friedkin in an odious, highly-charged style compounded of botb relish and loathing. The killer's *identity* is hidden behind dark glasses: for the most part he is a threatening outline moving down streets with his metal accessories jangling, until he moves in on his prey with hrutal thrusts of a *knife*, aod the words "You made me do that." At the same time Friedkin gives us a determinedly hysterical travelogue of New York — the seetbing bars, Central Park after dark with its parade of gays on the prowl, its God-forsaken hotels io the Village and Times Square. I am not suggesting that New York is entirely the pure, sparkling place celebrated in *Easter Parade*, say, or *On the Town*: each film has the right to present its owo version of things. But Friedkin's version has the credibility and sensitivity of the most frenzied dime novel.

Nicole Garcia and Roger-Pierre in 'My American Uncle'

*

Audiences also have their noses extravagantly rubbed in the dirt in *Bruboker*, a prison drama starring Robert Redford, directed by Stuart Rosenberg. Way back in 1967 Rosenberg directed Redford's rival male pin-up Paul Newman in another prison film, *Cool Hand Luke*; since then his style has grown stodgier and prison life far more violent. Wakefield Prison Farm features all varieties of sadistic and lubricous behaviour (I won't enumerate), conducted in the most insanitary conditioos under the sun. Not that the sun ever puts in an appearance: the prison's régime of nastiness even affects the weather, which consists of nothing but glum skies and fierce downpours, conveyed in some of the drabbest colour photography ever seen. Into this hell steps Redford's Henry Brubaker, at first just another inmate, though after a few days he reveals himself as the oew warden, gathering evidence for sweeping reforms.

Once its hero is installed in the warden's office, *Brubaker* falls with depressing ease into the comfortable, old-fashioned patteros of Hollywood's liberal films with a social conscience pioneered hy Warner Brothers in the Thirties and still championed — with only surface changes—hy people like Jane Fonda (recently co-starred with Redford in *The Electric Horseman*).

*

If Bruhaker recalls Hollywood's tradition of liberal breast-beating, *Urban Cowboy*, the John Travolta vehicle directed by James Bridges, recalls the amiably dire films of Elvis Presley. The parallel lies not just in the uncertain acting of its star, or the way the script plays up to bis physical attractions (giving him chances to disrobe: allowing him to wander round with facial cuts, eliciting sympathy). There is a distinct Presley feel to Travolta's whole character and the story round him, for the plot is the old one about a lad from the sticks confronting a strange urban world of spunky females and devious men, and only winning the right girl after a great deal of humiliation.

The Other Place, Stratford-upon-Avon

Timon of Athens

by B. A. YOUNG

Timon is a difficult play, that can seem to begin with a mere *run* of fatuities and then relapse into a prolonged curse too stringent to meet the cause that bas brought *it* into heing. Timon after all has been a very fooliah man with his extravagant generosity, and his misfortunes have been well deserved. It just happens, however, tbat the present time in our national history is peculiarly appropriate to hear the play, for there is much in our recent affairs that is reflecled in it.

Timon's generosity is not revealed in any excess of show, apart from the dance with Cupid and the Amazons, and it is not easy to demonstrate oo the stage the great vulgarity of his goiogs on. Ron Daniels, the director, makes a virtue of simplicity and has the scenes of Athenian prosperity played on a plain wooden stage, much as they did at *Bristol* last year. *This* makes Chris Dyer's quasi-Japanese costumes the richer hy contrast and enables him to use appropriate furniture of simple hut beautiful design that seems ricb even io iaolation. The accounting desk with its abacus, before whicb the Steward kneels at his books, looks most effective in *Leo Leibovici's aubtle* lighting that gives it a specially important glow wheo accounting is going on. There is much formal bowing among the Athenian *senators*, who sometimea tend to look like a chorus from *The Mikado*, but the Japanese look is oot allowed beyond the visual. The dance with the Maskers at Timon's *first* feast is as proper as Sir Roger de Coverley at a hunt ball. The second feast, with its single course of tepid water, is as simple to see as to consume.

In Athens, Richard Pasco's Timon ia appropriately courteous and aristocratic, to even the least deserving of hia flatterers, even to Apemantus, whom John Carlisle makes faultlessly *polite* in the delivery of bia endless discourtesies. Mr. Pasco, after the change in bis fortunes, becomea very different. He thunders out the *great curse* with which Timon leaves Atheoa, the curse that seema so often to infect our own society to this day. By the time he has got to bis final *stage* on the *beach* (the simple wooden atage has gone during the interval), there is madness in his faca as well as in his behaviour, as he crawls about on all fours looking for roots to eat and finds nothing hut gold.

No otber part in the play can compete with Timon's. James Hazeldine looks properly savage as Alcibiades, witb a sword-cut in his cheek. Edwin Rici[?]eld, Rob Edwards and Peter Se[?]elen represent the Athenian *upper*-class as Sempronius, Lucullus and *Lucius*, and Arthur Kohn can he moving as the laithful Steward. The cast has been a good deal shortened, but only by the removal of ornamental characters. *The script* has been a little cropped too. The play runs only for about two and a quarter bours.

Old Vic/Round House

Lancelot/Lifeswappers

Peter O'Toole bas temporarily left the Waterloo Road but has not, as far as I know, yet disowned *Lancelot ond Guinevere*, an arthritic attempt to excite new interest in the *Arthurian* legend. Timothy West has a long programme note about the contribution of radio drama to our culture. This specimen, adapted from *the* later hooks of Malory hy Gordon Honeycombe, is not a persuasive advertisement.

Mr. Honeycombe's sole dramatic contribution is to place Mr. West as Malory on one side *of the stage* and to set the scene in Newgate Gaol. Here Malory reads the story while the lights go up and down with the regularity of a yo-yo in a lift on statically enacted scenes of love, chivalry, battle and fellowship. The set, an ugly edifice of what looks like grey cardhoard, would not disgrace a village ball production of, well, *Macbeth*. The costumes are mostly bits of leather remnants thrown on a cast who, with one or two exceptions, resemble a collective prototype for the *Beyond the* Fringe Shakespeare skit.

Only the pace *and* dry delivery of Mr. West hold the evening together in any respectable form, but even with him you get the distinct impression of an actor racing to undercut the audience's scorn by providing it *himself*. The influence of Bryan Forbes may be detected in the death of Sir Melliagance (Bernard Bresslaw), where the sound effect *of a* cracked skull momentarily precedes the fall of the hlow, or again, at the moment when the news of King Arthur begetting Mordred is followed hy a huge offstage bong.

Bryan Marshall and Maureen O'Brien stifle laughs but not yawns in their careful playing of the fond farewells, hut the overall impact is of an evening flung together on a shoestring with minimal regard for narrative fluency or visual edification.

*

The arrival of Roger McGough's *Lifeswoppers* at the Round House from the Edinburgh Festival *fringe* is a forecast of the capital's theatre weather over the next few weeks. All those shows a diligent critic avoids in late August begin to accumulate *in an* incessant metropolitan drizzle, slight hut persistent. McGough's punningly inconsequential fahle is inspired hy a jokey reconsideration of Sydney Carton's sacrifice in Dickens. McGough *transposes* the notion to show how life can change if you want it to. A health hore advertises for a lifeswap. A regular bore responds. Their respective women put up with the impositions, one gleefully, *the* other *half-heartedly* as *she* is, anyway, engaged in adulterous exploits.

The *latter's prey is* a businessman for whom hoth married men function in turn as secretaries in drag. If such and such a thing happened, somehody *says*, pigs might fly. And, sure enough, a pig flies forlornly across the vast expanse. Grand Magic Farmyard. The health freak is promised carton loads *of* yoghurt. McGough has the good grace to ignore the obvious pun. *As it* is the ooly one he does ignore, the evening is hard work. Eve Bland is very sexy as the adultress. But the trouble with light rain is that, after standing in it for 90 minutes, you end up soaked.

MICHAEL COVENEY

Coliseum

Fidelio

On Wednesday night English National Opera revived last season's controversial staging of Fidelio. As would be expected in any busy repertory company, the details of Joachim Herz's production have already begun to slacken, but the salient features remain and they are enricbed by a musical performance of increased power and assurance.

These gains were largely attributable to Charles Mackerras's condncting. His view of the score emphasises the symphonic aspects of Beethoven's invention: the striking shifts of tonality or texture that the composer uses to enhance the drama and to create a tensinn tbat generates subsequent musical structures were sounded with a sure understanding of their importance. Tempi in the earlier, lightweight scenes were tautly held, broadening purposefully and without indulgence towards tha principal climaxes of eacb act. The orchestra responded with good ensemble and eager, mushy tone.

Working within the confident and exciting context Mackerras created, Josephine Barstow again delivered a deeply considered Leonore. Her great powers of concentration are ample compensation for whatever reservations one might have about the suitability of her soprano for this demanding assignment. Like Malcolm Donelly's secure, vibrant Pizarro, Barstow occasionally suffered from Mackerras's *willingness* to let the orchestra have its head. Kenneth Woollam's stentorian tenor had no prohlems in this department, nor in many others. He is new to *his* role, and his performance will be first-rate as soon as he ceases to shift hetween acting Florestan and heing a tenor. Dennis Wicks repeated his memorably astute Rocco; Sally Burgess and Alan Woodrow were well up to their new assignments as Marzelline and Jaquino.

Max Loppert described Herz's production in some detail last *May*. Now that its didactic aims are measured against an equally strong musical presentation, the whole has acquired a greater balance and stature. Herz's frank opposition of styles in Act One — kitsch domestic garden against cold steel cell blocks—and his cinematic sbifts of lighting and perspective in Act Two serve to increase the tensions and oppositions inherent in this prohlematic opera. But rather than pointing up its defects, Herz examines the hasic dichotomy between emotional idealism and objective morality at the centre of the subject, and he is entirely reasonable in demanding a higher synthesis hetween the two than the conventions of Beethoven's t[?]e could provide.

RICHARD JOSEPH

ICA

Wishart's music-theatre

The English performance-artist and composer Trevor Wishart (b. 1947) was originally to have been included in Adrian Jack's last MusICA series; but *instead*, he haa a short season all to himself at the ICA this week. The show, a 1½-hour presentation of three of Wishart'a theatre-pieces, linked by audio-visual "programme notes" which rather disconcertingly blended the manners of schoolmarm and PR handout, had been heralded by an unusual chorus of pre-publicity. After the event, it was a little difficult to understand ("...their very artistic power will offer many salutary shocks to orthodoxists of hoth 'left' and 'right'"...) what the fuss had been about.

Wishart is an interesting and imaginative musician: his scores are nicely worked, and the sound-worlds he conceives (if not often startlingly original) have a certain style and presence. He has a penchant for the surreal and zany, and unfortunately also for the easy opinion of the *half-considered*, half-articulate "political" statement. This last is his undoing. There was in each of the three pieces we heard evidently some quite pretty (and from time to time some quite funny) music struggling to emerge; but as political and theatrical statements *they* had ahout as much punch as three cups of warm Ovaltine.

Bed-time drink and party jelly are the evening's predominant flavours. *Fidelio* takes "an ironic look at the blessings of technological liberation." *A Sweet Flautist* is gradually hidden from view hy hlack boxes (with cassette-recorders playing *inside them*) piled in front of her by a Nasty Man. Exactly why the flautist cries "No!" to the hlack boxes with such anguish is unclear—and indeed hardly relevant: the *subject*, reduced to its most ludicrously simplified and superficial equation, is no more than the excuse for the work.

The mood is very English, very jolly, and resolutely sub-Kagel: even the thinnest of Kagel'a "*political*" work ia like pepper-sauce compared with the vacuity, philosophical and moral, of *Tuba Mirum*—at best a vehicle for tha brilliant tuba inventions of *Melvyn Poore*.

DOMINIC GILL

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Friday September 12 1980

Enlarging the tax base

BRITAIN'S tax system has at times seized up to 98 per cent of certain individuals' marginal incomes—yet it has borne more heavily on the poor than the rich. It still provides large subsidies for industrial investment and offers exemptions for small businesses, while channelling 90 per cent of personal savings into housing, life assurance and pension funds. It has convinced tax-payers that their tax burden is exceptionally heavy, while the revenues raised in relation to national income, are somewhat below the international average.

Yet politicians of every political hue have clung with utmost determination to the basic structure of this crazy system while incessantly tampering with it at the margin in a way that has brought them no nearer to their ideological goals, has created uncertainty, spawned a totally unproductive industry of tax avoidance experts and at times exacerbated inflation. These, broadly, are the conclusions, expressed in more diplomatic and academic language, in Joseph Pechman's "outsider" view" of the British tax system, published yesterday in the Brookings report on Britain's economic performance.

Fiscal reforms

There may be quibbles about certain details of Mr. Pechman's calculations, such as the way he deals with undistributed corporate profits in arriving at his conclusion that the British system is significantly progressive only over the top four per cent of the income distribution, that it is less progressive than the American structure and that it taxes investment income less heavily than income from employment, despite the existence of the 15 per cent investment income surcharge. (It is worth noting that he believes nevertheless that this surcharge should "be repealed outright.") But there can be no disputing his central message: Britain needs a more rational tax system and Government fiscal reforms should be directed towards improving the tax structure rather than merely tinkering with tax rates.

The structural problem is not so much that the tax burden as a whole is excessive, or even that the British system relies too heavily on taxing employment, rather than spending: taking the contributions of income and payroll taxes together, Britain's tax stucture is quite similar to that in most European countries. In Britain, however, the more or less average employment tax yield is produced by high marginal tax rates on average earnings, whose effect is then offset by extremely large allowances for particular kinds of savings and incomes. The tax reliefs on mortgage interest, life assurance premiums and pension schemes reduced the yield of income tax by £2.4bn in 1979-80. If employers' contributions to pension funds had been paid as income and then taxed, the yield of income tax would have increased by roughly another £1bn. These exemptions alone reduced the yield from income tax by over 15 per cent.

Loopholes

The most obvious effect of these tax reliefs is to distort both consumption patterns and capital markets, as evidenced by the growth of the building societies and the rise of house prices and by the dominance of institutional investors in the stock market. But there is also a more subtle, and in many ways more important, political effect.

On the one hand the existence of numerous reliefs, exemptions and loopholes has made marginal tax rates which are absurdly high by almost any standards more tolerable and, therefore, politically acceptable. Even when the highest marginal tax rate on earned income was 83 per cent it was possible for employers to provide their top executives with high standards of living by taking advantage of all possible tax exemptions, and for wealthy individuals to *protect their* wealth and protect their investment incomes by judicious planning. What is very difficult, however, is for highly paid employees to accumulate savings which they can then channel into productive enterprises and risk-taking.

At the same time, the fact that a marginal tax rate as high as 37 per cent (including the national insurance contribution) is still imposed on the earnings of *the vast majority* of employees has meant, as Mr. Pechman observes, that "the political limits of taxation" have been reached even though there is, in his view, little evidence that the Government's total tax take has reached "the economic limits" where it creates significant disincentives. Indeed, even the last government found itself committed to an untimely programme of reducing basic rate taxes when it could not raise compensating revenues from other sources without taking risks on inflation. By expanding the tax base, the present Government could keep its promise to cut tax rates without endangering monetary control or exacerbating inflation.

The paralysis in Iran

ANY HOPES of the early release of the American diplomats held hostage in Iran must inevitably remain slender as long as the Government in Tehran is paralysed by faction fighting. It is unlikely that President Abolhassan Bani-Sadr and his newly-appointed Prime Minister, who have signally failed to agree on the selection of a new Cabinet, will be able to unite on terms under which the hostages will be freed.

In this situation there is very little the U.S. can do. It has very few cards with which to bargain. The White House and State Department understandably feel that there is no point in offering concessions until they know that the authorities in Tehran are willing and able to discuss an agreement. There is no comforting parallel to be drawn here with the eventual release of the sailors from the USS Pueblo, captured by the North Koreans, or U.S. pilots shot down in Vietnam. In both cases Washington was dealing with governments which, however intransigent, were firmly in power and capable of negotiating when they so desired.

Power eroded

So far there is little sign of a government of real authority emerging in Tehran. Too often speeches on the fate of the hostages, by Iranian politicians, whose own authority may be minimal, are taken by the Western media as considered policy statements giving grounds for optimism or despair. Attempts by the then newly-elected President Mr. Bani-Sadr and his foreign minister earlier in the year to secure some progress on the hostage issue swiftly revealed the shallow nature of both men's authority. In the months since the President has seen his power steadily eroded by the militant clergy who now dominate parliament. His attempts to stem the present wave of xenophobia, which this week led the British Government to close their embassy, have been unsuccessful.

Having failed to secure his own Prime Minister last month, Mr. Bani-Sadr even considered renouncing any responsibility for the government of the country in the hope that the incapacity he ascribes to the members of the Cabinet proposed by his Prime Minister would become quickly apparent. Over the last few weeks, however, he has sought to ensure that at least some of his own supporters are included within the new administration.

The problem for the President and the rest of Iran's clutch of revolutionary politicians is that they must never be seen to deviate from the political line of Ayatollah Khomeini whose views are difficult to predict. Although the Ayatollah continually bemoans the continuing faction fighting, the fact that he is the ultimate source of all authority in Iran in reality diminishes the stature of every other Iranian leader. Any faction which feels it is being worsted in the battle for political power, can always appeal to Khomeini. So long as he lives it is difficult to see a final victor emerging from these internecine quarrels.

The struggle in Tehran is therefore largely for the legacy of Ayatollah Khomeini. Despite the mounting anti-clericalism in Iran, and the frustration with the inability of the revolutionary authorities' to end the paralysis of the administration, his own prestige and popularity remain undiminished. It is little wonder that the state of his health is always a prime subject for discussion among Iranian political leaders, as it is in Washington and Moscow. Once he has gone, the second stage of the Iranian revolution is likely to begin when animosities will no longer have to be masked by the different political groups in deference to Ayatollah Khomeini's demand for Islamic unity.

Insecure

Both the militant clergy of the Islamic Republican Party and the President gained their present insecure positions of power by taking advantage of the wave of revolutionary radicalism which followed the taking of the American hostages last November. None of them can now afford to appear to be soft on the issue when parliament begins to debate the fate of the diplomats.

Men in power (left to right): Chairman Hua Guofeng; outgoing vice-premier, Den Xiaoping; new premier, Zhao Ziyang; Vice Premier Wan Li; chief to the General Staff, Yang Dezhi and new vice premier Huang Hua.

China finally shakes off Mao's legacy

COLINA MACDOUGALL describes how China's new rulers have established a more liberal regime. TONY WALKER in Peking (below) reports on the role of Deng Xiaoping *and the unprecedented degree of criticism at* the recent National People's Congress.

THIRTY-ONE years ago next month Mao Zedong, a triumphant revolutionary supported by his loyal comrades, proclaimed a new republic in Peking. Now, almost four years to the day after his death, China has ignored his anniversary and all but shaken off the inheritance of his overwhelming charisma.

Peking has moved decisively to build on the relatively liberal early 1950s policies, so crudely interrupted by Mao's devastating mass movement and power plays of the late 1950s and 1960s. The last of the guerrilla band, once Mao's friends but finally his enemies, have set China on its new course and voluntarily left the stage to younger men. For this reason, if nothing else, the National People's Congress, which closed on Wednesday in Peking, is a landmark in the recent history of China.

The Congress has, of course, been skilfully stage-managed, and China has a long way to go to real democracy. Most important, Deng Xiaoping, the outgoing senior vice-premier, and his retiring colleagues have retained their party posts from which they will continue to supervise policy. But, the fact remains that Deng has engineered a bloodless transfer of power to a group of leaders who, though not elected, have broad popular support for their programme of economic growth.

They know, following some spectacular dismissals before the Congress, that for the first time in post-war China they could get the sack for incompetence. Unlike the Polish leadership, which has been forced into concessions, Deng and his colleagues have tried to forestall demands for higher living standards by making it abundantly clear that they are working for just that.

If Deng and his men had not already realised the strength of the discontent in China at the poverty and stagnation of the last years of Mao's life, the explosion of wall-posters and the grievances of petitioners flooding to Peking in 1978-79 would have brought *it* home. Peasants complained about hunger and injustice, workers about pay, conditions, and separation of families.

The outcry dramatised what the leadership already knew from its inadequate statistics about stagnant food production, rising population and inefficient industry. To this poverty was added disillusion with Communism and corruption bred by political feuding. All these factors would have threatened any leadership that could not tackle the underlying problems of backwardness, sluggish output, and official indifference.

Aware of the dangers, Deng and his men have acted quickly. Mao and the Gang of Four (his wife and her colleagues from Shanghai) between them had succeeded in imposing on China a ragbag of policies in which the only criterion of suitability was a naive concept of Leftist rectitude. As the Chinese Press has remarked bitterly since, any policy that led to prosperity was condemned as wrong, anyone who proposed greater efficiency was hounded as bourgeois. Since Mao's death, this outlook has been abandoned with ever-increasing speed.

The architect of this newest China is Deng. Twice disgraced in Mao's *lifetime*, he returned to public life in mid-1977. By the end of 1978 he was sufficiently powerful to bring back to office a group of former officials with wide and practical economic experience to draw up new policies. Chairman Hua Guofeng, who ostensibly inherited Mao's mantle in 1976 and in the early months of his office defined his policies in clearly Maoist terms, was increasingly edged aside.

As the power of Deng and his associates grew (because of the appeal of their cohesive and practical programme to bring China out of its slough), resistance by those who had risen to power on Maoist policies crumbled, until earlier this year Deng was finally able to manoeuvre them out of their key party posts.

Chairman Hua's position has grown shakier since late 1978. His status as chairman was whittled down to the rank of nominal first among equals on the party's Central Committee. As spokesman early that year for the far-too-ambitious 10-year plan (1976-85), he has since had to *carry* the can for its rash mistakes and at this year's Congress to make a humiliating admission of its failures.

Deng, too, has had to make compromises. How much of the free criticism of 1978-79 was actually encouraged by him is a moot point (his own son is studying in the U.S., so he clearly believes in some degree of intellectual liberty). But, in any case, it had to be sacrificed last year when the mainstream Communists and military men on whom he partially depended for support, saw posters and unofficial magazines as a threat to orderly development.

However, official political reforms are to be introduced. The political system which functioned in the 1950s and was obliterated in the Cultural Revolution has been reconstructed. The National People's Congress and the local congresses have resumed their functions as forums for debate, which, though Government-inspired, do at least air some criticism. Low-level direct elections, the party magazine, Red Flag, said last week, could even lead to national elections.

Intellectuals, despised by Mao, have come to the fore, and economic policy is clearly motivated by Deng's "think-tank," the Chinese Academy of Social Sciences. The relentless pressure of propaganda has eased, allowing a more relaxed social and cultural life. A new legal *system* is being drawn up (slowly, because of the shortage of lawyers) and the constitution is to be put under review (this is to be more wide-ranging and, one hopes, less drastic than the simple excision of the provision allowing critical wall-posters proposed by Deng earlier this year).

A vital part of the new legal system will be laws governing the relations between different economic enterprises. This has become essential because of the new freedom granted to individual factories. Over an experimental period, a selected group have been *allowed* to *run* their own affairs: keeping a share of profits, making their own plans, selling to their own customers at their own prices. From January, this will be gradually extended to all state-run enterprises and factory and contract laws are essential for the system to operate smoothly. This devolution of power to individual businesses is the next stage in the economic package begun in 1978-79 with higher pay awards.

The crucial question is: will it work? Already higher wages and prices for peasant's crops have led to a budget deficit and inflation. This the Chinese propose to tackle with a squeeze on investment, which means a go-slow in heavy industry and foreign imports for another two years. However, this may not be a total calamity, since the Chinese are far from ready to absorb expensive foreign equipment to maximum effect. The Press in China has said frequently in recent months (probably in answer to its Maoist critics, who would like to see great-leap-style development) that it is essential for China to move gradually.

Inevitably, more unforeseen problems will arise. A fertile field for these will be the competition between factories, where Government pricing policies will make it easier for some companies (making watches or TV sets) to make a profit, while others (for instance, coal mines) will only break even. New tax legislation, promised at the Congress, will help, but will take some juggling to get the right effect.

While Deng has outmanoeuvred the remaining leftists, he has new opposition from the military, who at the Congress had to take a cut in their budget. How well he contains this probably depends on the success of his general economic policy. While the tea-leaves are still illegible, the competence of the newly-appointed leaders and the open atmosphere of the Congress argue convincingly that Deng is on the right track.

Deng's silent dominance of the People's Congress

ONE MAN who maintained an almost Olympian detachment throughout China's parliamentary session, which finished on Wednesday, virtually dominated proceedings. Without saying a word during the sittings, certainly nothing that has been published by the official media, *Deng Xiaoping*, the outgoing senior vice-premier, has seen policies he had championed implemented and younger leaders he had patronised con*firmed* in high office. It has been a remarkable achievement for Deng who only began re-asserting his authority in 1978 after being purged for a second time two years earlier.

Deng Xiaoping has quietly chain-smoked his way through the various sessions of the National People's Congress, a small figure alongside Hua Guofeng, the party chairman and outgoing premier who sat to his right. On the four occasions the foreign Press were able to view proceedings—and these were during important speeches—Deng showed little animation, allowing himself only the occasional aside to veteran comrade, Li Xiannian who sat to his left.

If Deng's sense of triumph is less than complete, this no doubt derives from China's present financial difficulties, notably the shortage of foreign exchange which is holding back the country's ambitious modernisation programme. Last year's deficit and ambitious projects like Baoshan, the giant integrated steel-making complex on the fringes of Shanghai, now soaking up scarce foreign exchange, mean that a number of new projects vital to China's modernisation plans will be delayed. The squeeze is already being felt in projects under way several of which have some foreign involvement.

A perhaps more worrying consequence of the squeeze on funds than the slowdown of capital construction projects is the apparent irritation it is causing to relations between China's powerful military and their political masters. While the generals made it clear during the Congress that they were prepared to accept *cuts this year*, there was an undercurrent of annoyance in their remarks during congressional discussions.

Yang Dezbi, chief of the General Staff, for example, said the military could not "just sit and wait" for funds to modernise its antiquated equipment. "We hope that the state increases by *an* appropriate amount the national defence budget to speed up the process of modernising our defence capability," General Yang said. He added, pointedly, "the relations between the military and the Government and between the military and the people, are not as congenial now as before." His message, on *behalf* of *his* military electorate, to senior officials controlling the purse strings was that the army would not happily continue as poor relation in China's modernisation drive. It is certain his remarks were carefully noted.

A feature of this Congress—which may either reflect the reporting of it by China's official media or, indeed, that more freedom was in fact allowed in debate—was the sometimes quite pointed criticism of the Government. Apart from the complaints of the military, there was also disquiet among deputies over the costs of Baoshan with suggestions the Government was being less than frank about problems there.

Statements couched in acid terms about the balance of payments deficit and questions why expenditure had been allowed to *overrun* by such large amounts punctuated early stages of debate.

Mixed in with this, of course, were ritualistic endorsements of the line adopted in speeches by the leadership. Thus, bureaucratism was assailed as was the refusal of some older officials to step aside for younger cadres—both prominent themes in a speech delivered by Chairman Hua Guofeng.

But contributions were individualistic enough in many cases to suggest that the National People's Congress, rubber stamp that it is, is providing some sort of forum for debate. One deputy even had the temerity to suggest that the congress be given authority to initiate its own legislation and that it should be able to get away from merely endorsing policies served up to it by the Party. It would take a major and almost unthinkable convulsion in relations between the Party and the State for this proposal to be implemented.

There *does appear*, however, to have been some attempt to divide state and party functions at the Congress. This was one of the reasons given for the retirement of some officials from State office, notably Hua Guofeng who gave up the premiership while retaining the Party chairmanship. But the Party is not about to instal non-Party officials in State jobs.

MEN AND MATTERS

Tee time for Wood

Twelve years removed from control of the food mixer company he founded, and approaching his 64th birthday, Ken Wood assures me that his latest commercial *venture* is his last. As befits a man preparing to relax, he has invested a chunk of his fortune and a large slice of his Hampshire farm in a golf course. Teaming up with two other (sporting) household names, Peter Allis and Dave Thomas, and their course-building company Golf Construction, he has recently seeded 157 acres of neatly contoured arable land and expects to take his first swipe at a ball on the Thorns Farm Golf and Country Club next June.

And while the grass sprouts he will be sifting applications for membership with an eye on business people from home and abroad who will appreciate the conference room, secretarial services, telex machines, and 28 bedrooms on offer in the £1m development.

Something of a change from his main pursuits since Kenwood was taken over by *Thorn* — hydraulics and generator manufacture and leasing — the *fairways* and membership of the Golf Construction board will keep him close to his old loves of farming and his horses.

But I suspect he may be offering a *hostage* to fortune with his assurances that the club is "a rather thrilling last bang in business." Given that many a commercial bargain is struck while thrashing about in the rough and taking into account the members he wants on the roll, he can hardly fail to avoid temptation while out there polishing up his own handicap of 18.

"Hello Mr. Jenkins, couldn't you change that to a car that uses more petrol?"

Exceeding small

"Lex non curat de minimis." Whether the ancient sage was referring to my distinguished colleague on the back page, or to a more abstract entity, I can hardly say. But in either case, I feel, we City habitues have too blinkered a vision of British industry. What of the smaller fry, who toil away beyond the gaze of broker and scribbler alike?

And so it was that I sought from the mighty computer banks of dataSTREAM the identity of Britain's smallest quoted company. There was a degree of initial doubt in the digit-filled rooms that the computer could shrink its focus to such a matter. But, within moments, up it coughed. Getting into practice, it threw out a trio of bearer-shares. Then, with the *technicalities behind us, came* the moment of truth: Dura Mill Ltd. Market capitalisation £0.0m.

I should explain that the £0.0m should not be taken too literally. It merely exemplifies the lofty bases on which the dataSTREAM machine works. A little back-of-envelope arithmetic revealed that Dura's market capitalisation is around the £22,000 mark, easily nudging out of the tinies' top spot Gaunt Rowland and the Scottish Ice Rink Company (1928), where already we are high in the £0.1m bracket.

Dura's trade, up in its Manchester works, is cotton-doubling. Which, it was carefully explained to me, is the twisting together of several yarns—as distinct from spinning the stuff. And for large as well as small in the textile trade, times are "very bad," chairman Joseph Fitton told me.

Caveat emptor

It seems hardly credible that one would ever stoop to dissimulation *to feed a pet dog. But in* these hard-pressed times every little saving counts, and I am indebted to the Liverpool Master Butchers' Association for a cunning "tax management" scheme to help Fido make the best of his VAT liability.

It was revealed by a Merseyside meat merchant at the Association's September meeting that if the unwary customer asks for dog meat and receives a pound of ox-cheek, then the meat is liable to VAT. But if—and here I must ask VAT inspectors to *skip* the next few lines—the customer asks for ox-cheek, which is subsequently fed to the dog as *before*, then the meat is free from VAT.

The same holds true, I should point out, for bones. A bone bought overtly for canine consumption incurs the 15 per cent supplement. The covert bone does not.

But is it legal? If, with hand poised above the casserole I should spot Fido's fawning face and slip him a lump of cheek, must I rush back to the butcher tax in hand? Or if I am moved *to soup-making* while Fido must starve, can I reclaim the tax? An answer is needed, and quickly.

Suitable pair

In the best traditions of their trade, two of London's most distinguished bespoke tailors have just completed a neat piece of invisible patching. Henry Poole, livery tailors to the Queen, and Sullivan Woolley who cater to certain of the more traditional dressers in showbusiness, have merged. The joins, however, will be undetectable except to those behind the scenes.

All the *staff* are being retained, and the two shops will continue to trade as separate entities. The point of the marriage, Poole's managing director Angus Cundey explains, lies in the economies of scale. With room enough for *all* backroom workers in his workshop, the pair will save on rents and rates.

But the biggest savings will come from the ending of duplication on *overseas* visits *by* the cutters sent out to look after the growing list of overseas customers. He expects to reduce travel bills by a third in the busy markets—now accounting for 70 to 80 per cent of all their trade—in the U.S. and *Europe*.

In a business not known for its speedy adaptation to changing times (Poole did not take the frosted glass out of its shop windows until 1961) the merger took only one year from inception to completion. Elsewhere, *however, things* are much *as* they were.

Poole has been in Tokyo, kitting out the Japanese in best Huddersfield broadcloth for almost 20 years. Only recently did the company venture out with ties, and it is now cautiously pondering completing the ensemble with other gentlemen's accessories. Says Cundey: "*We like to tread carefully and* that way we hope to get things right."

Piling it on

The depth of gloom in the textile sector has evidently driven those who *must* write about it to more pleasurable distractions. The Birmingham Post City pages yesterday carried the following striking claim:

"Carpets International, meanwhile, has had to face the slump in consumers' spending at home this spring, the lowest number of new housing "starts" since the war, and the long term swing from women to tufted carpets."

Mr. Steel dreams of a 'better yesterday'

Malcolm Rutherford reports from Blackpool that the Liberals are increasingly confused about what the Party stands for.

THE TROUBLE with the Liberal Party is that it is no longer noticeably very liberal. On two occasions at the annual assembly in Blackpool this week, Party members were distinctly heard condoning the return of the death penalty.

One was when the audience at a meeting was being slow in taking its seats and objecting to paying a pound for the privilege. The organiser lost his temper. The other was when a two-dimensional effigy of Mrs. Thatcher was hung from the balcony of the main hall. The execution appeared to be approved by the platform.

These may be minor matters, but they leave a nasty taste. The Liberals are not as nice as they were.

Dr. David Steel, Party leader, will sum up the state of play when he addresses the assembly this afternoon. He is expected to call for the deposition of Mrs. Thatcher by the Tory wets, the rallying of disaffected Labour and Conservative voters and MPs to the Liberal cause, and the establishment of a great Government of National Reform. But he will not be able to say how the change will come about, and indeed he cannot, because nobody knows what will happen at the Labour Party conference here at the end of the month.

Yet whatever happens to Labour, and we shall come to that later, the Liberals have problems of their own. They have been most succinctly put in a pamphlet* prepared for the Blackpool assembly by Mr. Michael Meadowcroft, leader of the Liberal group in Leeds City Council.

Mr. Meadowcroft writes of the last decade or so: "Although the Liberal presence has surfaced in almost every constituency, it has not been accompanied by a corresponding spreading of debate on Liberal philosophy." And again: "The Liberal Party depends on liberalism rather than the other way round."

The same thought was expressed by Mr. Richard Holme, the new party president, when he said that the "new Liberal Party" began under the leadership of Mr. Jo Grimond 21 years ago, and wrote in the party newspaper that Liberals were still living off the "intellectual feast of the Grimond years"—hardly a compliment to Mr. Steel.

In other words, in spite of the odd setbacks the Liberals may have been generally advancing in terms of electoral support, but it has become increasingly less clear what the Party stands for. In the early 1960s there were certain issues with which the Liberals could always be identified: support for the European Economic Community, for example, or free trade.

Nowadays you can no longer be so sure. At the present assembly, the traditional stand on both issues has come under sustained attack, not to speak of conventional attitudes to defence.

Of course, the changes in Liberal attitudes only mirror the changes in attitude among the electorate as a whole. It would be absurd to expect the Liberals alone never to alter their views nor to adapt to different circumstances. But the Liberals seem to have put nothing in place of the old certainties, or at least nothing mainstream. They have become the party of fringe issues, trendy rather than trend-setting.

Nowhere is the gap more obvious than in economic policy. Mr. Cyril Smith, MP for Rochdale, prefaced his recommendations about what should be done to reduce unemployment with the words: "Don't please let's have any rubbish about what we can afford." There is a belief, not unique to the Liberals, that the revenues from North Sea oil can be spent two, three or four times over.

The Party wants to spend more money without giving the first thought to where the equivalent revenues would come from. It appears to be not much interested in either inflation or the trade unions. It would like an incomes policy, but ignores all the evidence that previous incomes policies have been less than successful over the longer term.

Mr. Meadowcroft's pamphlet says on this subject: "Our freedom to negotiate pay and conditions of work is a theoretical Liberal principle, but experience demonstrates that the greater good requires an incomes policy." Even if one could agree on a definition of the "greater good," it is by no means obvious that experience demonstrates any such thing.

On this, as on so many other matters, one suspects that the Liberals are no longer very liberal beneath the skin. On the surface there is a belief in the essential benevolence of human nature under Liberal guidance. Beneath there is a remarkable readiness to resort to compulsion. The majority of the Party no longer seems to want to combine economic and political freedom.

Mr. David Steel in pensive mood. The prospect of a centre party alliance, prominently mooted by Mr. Roy Jenkins (right), seems to have attracted little support at the Liberal Party Conference.

That brings us back to Mr. Meadowcroft's other statement: "The Liberal Party depends on liberalism rather than the other way round," and, as he also wrote: "Liberalism is more an attitude of mind and a way of life than a political system."

Put another way, the Liberals have no monopoly of liberalism. There are liberals in the Tory Party and the Labour Party as well, even if they are not always very conspicuous. Mr. Steel would probably prefer the term "moderates." Yet what it comes down to is that he wants the liberals in the big parties to break away and join, or at least ally with, the Liberal Party at the very time when it is itself becoming less liberal.

In short, he wants a centre party composed of Tory and Labour dissidents around a Liberal Party banner.

It could happen, but on the basis of the available evidence, it does not seem likely. Mr. David Marquand, the former Labour MP and one of the principal advocates of a realignment in British politics, came to Blackpool to address a fringe meeting which turned out to be packed to overflowing. It was assumed, though not entirely verified that he was speaking on behalf of Mr. Roy Jenkins, who himself paraded the idea of a centre party.

It was an extremely impressive performance, especially in the analysis of the Labour Party's failings in recent years. But two facts emerged.

One was that the Liberal activists felt themselves to be well to the Left of the Labour Right. Indeed, Mr. Meadowcroft argued in reply, with considerable support, that in their anti-establishment feelings Liberals had more in common with Mr. Dennis Skinner, perhaps the most Left-wing anarchic MP in the House of Commons, than with (say) Mr. William Rodgers, the Shadow Defence Secretary.

The other fact was that Mr. Marquand had no troops. He could not say if or when Labour MPs were going to defect, nor did he reveal anything new about the cryptic intentions of Mr. Jenkins. All he was doing was confessing Labour's past and present inadequacies. The exposition was intellectually more distinguished, but there was nothing in it to prevent Mr. Marquand following the example of Mr. Reg Prentice and switching to the Tory Party direct, or at least to the liberal wing of it.

It is possible that it will be quite different if the Labour Party conference ends in a decisive victory for the Left. Dr. David Owen, Mr. Rodgers, Mrs. Shirley Williams and others could then break away from the Labour Party as we have known it. Yet the mechanics of such a break are still hard to imagine. And even if the break took place, the dissidents would not necessarily rally to Mr. Steel.

There is, for example, the matter of the leadership of any new alliance. The question is so obvious and so personal that it is rarely raised, but could one really see former Cabinet ministers falling in behind a Liberal leader who has never held any Government office?

The same applies even more so to any alliance between Mr. Steel and Mr. Jenkins. Could Mr. Jenkins, former Home Secretary and former Chancellor of the Exchequer, really consent to being number two, and would the Liberal Party wear it if he were to seek, even with Mr. Steel's support, to become number one?

To return to reality, the most likely course of events is still that Mr. Denis Healey will succeed Mr. James Callaghan as leader of the Labour Party, probably in the Autumn. The Party will not split significantly. Mr. Healey will be popular in the country, partly because he is already well-known and well-liked, and, in the economic circumstances of the time, should have a lot going for him. He will give Mrs. Thatcher a hard fight, though as he himself would be the first to admit it is impossible to predict what will happen in a general election in 1983 or 1984, because none of us know what will happen in the meantime.

It is conceivable that the anti-Tory swing in by-elections and the opinion polls will go directly to the Labour Party rather than to the Liberals as a halfway house. The reason is that the Liberals under Mr. Steel seem to have opted out of the main issue in British politics: namely, the conduct of the economy.

As for the Tories, there may well be a rebellion against Mrs. Thatcher, though certainly not yet, and, if it comes, it is as likely to be from the Right as from the Left. It is improbable, to say the least, that any group of Tories would wish to break away to a centre party.

The problem with the Liberal Party is that Mr. Steel has caught the illusion of power. There are a great many Liberals who would be happy to be part of a protest party for ever, and a great many others who would like to have a protest party to turn to between—or even at—general elections. There is also a lot to be said for a party which keeps alive such liberal causes as racial and sexual equality, constitutional reform, animal welfare, or the rights of gypsies. But Mr. Steel wants office.

The theme of the fringe meeting which Mr. Marquand addressed this week was Liberalism and social democracy. It was said of Mr. Marquand, and by implication of his mentor, Mr. Jenkins, that what he was really offering was the politics of "a better yesterday," the phrase having come originally from Professor Ralf Dahrendorf. The same could be said of Mr. Steel. He is seeking a return to the politics of consensus without having noticed that the world has changed. Mr. Steel is a social democrat.

Meanwhile, the marriage between economic and political liberalism remains as elusive as ever. It has certainly not been consummated in Blackpool.

** Liberal Values for a new Decade. Liberal Publications Department, 9 Poland Street, London W1. 50p.*

Letters to the Editor

Plight of the unemployed

From the Chairman, Association of Professional Employment Agencies.

Sir,—We were saddened to read a letter you published on September 9 from Mr. Edward Hurst attacking this association for its evidence to the House of Commons Committee on Employment.

He accuses us of "unsubstantiated generalisations" and "misinformed criticism." Whilst not wishing to join him in a battle of abuse between two like-minded organisations, we feel compelled to refute his unwarranted attack on the Association of Professional Employment Agencies, by commenting on his letter as follows:

1—We have never suggested that all the 2m jobless were workshy. We simply informed MPs that according to information supplied by our members, there was a growing indication of an element of people being too choosy while more still did not realise the full implications of the present recession and its effects on salaries and wages.

2—On the question of standards in our schools: in brief all our evidence to the Select Committee was merely a confirmation of what has already been said many times before by Government committees, academics, companies and unions alike; that the lack of numeracy and literacy was a drawback for school leavers finding jobs or filling vacancies and until this problem was solved we could not foresee any marked improvement.

3—However, Mr. Hurst's defence of the Jobcentres was to say the least a little surprising, as it was only a few years ago that his own organisation was spearheading an even more direct attack on the "wastefulness and inefficiency of the Jobcentres." In addition, an official Government committee was saying the same thing not so long ago.

The Manpower Service Commission, the Jobcentres, Mr. Hurst's organisation and the Association of Professional Employment Agencies all have a part to play in finding solutions to the present jobless crisis, but as we stated in our evidence to the House of Commons Committee, what is first required is a recognised and accepted manpower policy which makes proper use of the nation's human resources and it is in this context comments from Mr. Hurst would have been of more use.

Trevor Cole.
6, Great Queen Street, WC2.

Working wives

From Mr. Thomas E. Whittle.

Sir,—There is an interesting connecting link between the letters of Mr. N. J. Greenwood (Measuring unemployment) and Dr. E. S. Staveley (Women at work) in your issue of September 8.

Nineteen-thirty is 50 years ago and comparisons with 1980 are both invidious and irrelevant since the whole structure of social security is now so vastly different. It would, however, be illuminating to see the comparative percentage of the adult population (from education or training to age 64) actually employed quoted regularly in the media.

In the 1930s the majority of married women stayed at home to look after the family—now the majority seem to go out to part-time or full-time work, for reasons aptly stated by Dr. Staveley. To what extent therefore are the unemployment figures inflated by married women once employed and now out of work. Could it be that the number of "employable" adults actually working today is far greater than pre-war?

Dr. Staveley has a very valid point that the tax system positively encourages "working wives" to seek the tax advantage of a job. Surely the only fair way is to give married couples exactly double the tax allowance of single workers, (male or female alike) or, treat all adults, not pensioned as single people for tax purposes. To attract married women into paid employment by tax or other incentive is, as Dr. Staveley says, quite indefensible.

Thomas E. Whittle,
19, Kildoon Drive, Maybole, Ayrshire.

Leading from abroad

From Mr. D. C. F. Mann

Sir,—It was interesting news yesterday hearing that Sir Terence Beckett—the chief executive of Ford UK—would head up the Confederation of British Industry. Sir Terence in a radio interview last night said he always liked to think twice before giving a decision, which is admirable. The interviewer then went on to say that Sir Terence's salary was thought to be less than he received from Ford but he would get a car and would insist that it was a Ford. Presumably the top of the Ford range—a Granada Ghia. I wonder whether Sir Terence would like to think twice about leading British industry with a German-built car!

D. C. F. Mann.
"Stoddlestones," Shipston Road, Upper Tysoe, Warwicks.

Warship builders' performance

From the Group Managing Director, Vosper Thorneycroft (UK)

Sir,—I have refrained from writing over the previous month or so when statements have been published saying that British warship builders are living on cost-plus contracts with large profits from the Ministry of Defence. In no way is this true for Vosper Thorneycroft (UK) where at the present moment we do not have a single cost-plus shipbuilding contract and the profits in those MoD contracts we do have are very modest.

I must now, however, take up the comment in Mr. Hall's article of September 3, that the efficiency of the warship yards is far less impressive than the top UK merchant yards. The facts in the last British Shipbuilders' published accounts speak for themselves. It is only the warship builders among the shipbuilding companies which made profits.

In the case of my own particular company our profits were the very considerable sum of £22m. We are the first to recognise that there is considerable scope for improvement in our productivity. It does no good, however, to the morale of the employees of the company, which is producing these sort of results and where 60 per cent of its work is earned overseas, to read such damaging statements.

David Wilson.
Vosper Thorneycroft (UK).
Fareham House, East Street, Fareham, Hants.

New approach to accounting practices

From Mr. Heinrich H. Jonas

Sir,—As an old professional accountant working in industry I have read with great interest your article "Standard Proposed for Currency Translation" in the Financial Times (September 2). I would like to write to you to express my sincere gratitude for the opinion expressed therein.

Accountants clearly belong to the under-privileged class and must search for more freedom. On the one hand, we are subject to severe standards of so-called "good accounting" and in addition we are supervised in our work by independent auditors. On the other hand, the application of those standards may eventually lead to us accounting for losses and corresponding reporting which brings us into conflict with our own management. For, as you know, losses are generally considered obscene. Nobody really wants them or—at least if this cannot be avoided—to report them in any publication. So, if the accountant is unfortunate enough occasionally to account for losses, this really puts him into a dilemma. Thus, any new proposed accounting standard which relieves us of this fatal situation cannot be but welcomed. This is the freedom which we, suppressed as we are, are really looking for.

What I like best about this new development is the possibility of transferring losses arising within the economic entity directly to the equity account. This will permit me to show the management in the future nice earnings even if the equity dwindles away. With this, many of my problems will be solved. Also, this new proposed standard opens new avenues for external reporting. If losses on currency conversions lead to a diminution of the equity, I shall concentrate on the profit and loss account. Don't mind the equity. This is anyhow a pure bookkeeping entry. In addition I may suggest for further improvement that, even if applying this new standard, losses in the profit and loss account cannot be avoided, they should be treated as an extraordinary item. This corresponds with the common notion that losses are always something abnormal and of a temporary nature. Every enterprise is in its structure and business policy sound and reasonable. If losses arise they are always clearly related to extraordinary, unavoidable circumstances beyond the discretion and responsibility of the management. Therefore, the showing of losses as extraordinary items does seem clearly valid.

If I would be as unfortunate as to report losses of course as extraordinary items (whereas gains from the conversion of currencies are transferred to equity) I could in my reporting concentrate on the investor's approach. Don't mind the profit and loss account but look on the steadily increasing value of the investment.

The proposed new currency accounting standard has, however, the negative effect that in spite of showing continuous gains, the equity of the company may dwindle away. At the end, we have always operated with profits but we no longer have any equity. So, even if I would steadily report about profits, these possible consequences cannot be overlooked. Furthermore, the famous "FAS No. 8 yo-yo" will gain earthquake-like dimensions in the equity account. I have pondered this problem and found the best solution in the German way of capital consolidation. Couldn't we have an accounting standard which, instead of transferring losses to the equity account, permits us to capitalise them as differences arising from consolidation? In this way, we could easily offset any loss by a corresponding asset item.

Of course this new approach requires that we forsake some outmoded accounting principles: the principle of accounting for the economic entity; the going concern concept and the principle of reporting periodic income. But don't mind. These principles are of lofty, academic nature. They imply judgment and are based on fiction. On this basis sound accounting frankly cannot be developed. I am pleased to see that the "Investment approach" has now been introduced into this discussion. This leads us back to the good old-fashioned propriety concept for consolidated statements which went into oblivion many years ago.

There is no other interest in subsidiary investments other than to receive earnings from them; any other aim for the acquisition or holding of subsidiaries in a joint group, so as to implement the basic business policy, the better use of internal resources, the gaining of synergetic effects by joining companies together should be considered as either non-existent or as of secondary nature. If the management of a combined group maintains the point of view to coordinate and uniformly conduct the business within this group, this should not bother the accountant. I see only the value of the investment and the related results. So I feel entitled to do my accounting in a piecemeal fashion.

This new currency conversion method should, however, also be welcomed because it is so nicely linked to the new standards or proposals for inflationary accounting. Accounting could then be based on two simple standards:

(1) The management determines in each period what amount of profit has to be shown;

(2) the accounting manager acts accordingly.

If experts should maintain that this sounds a bit far-fetched, I would like to submit that these accounting procedures should be limited by the blue sky. We would then in fact be back again to the good old times before the introduction of the blue sky laws, before the Securities and Exchange Commission, and the wake of other internationally recognised accounting standard-setting bodies which hamper our work so very much indeed.

Sir, I wrote you a lengthy letter indeed but your article relieved me in many ways. I now see the silver lining. The outlook all this offers for future accounting is too nice, it's almost fantastic. If it would not be discussed among earnest professionals, one could hardly believe it.

Heinrich H. Jonas,
Lodenburg, West Germany.

Today's Events

GENERAL

UK: Sir Ian Gilmour, Lord Privy Seal, speaks at Kingston-upon-Thames.

Mr. Patrick Jenkin, Social Services Secretary, speaks in Edinburgh.

Viscount Trenchard, Industry Minister, speaks in Durham and Gosforth.

Mr. H. B. Ford, Barbados Minister of External Affairs, arrives in London for four-day visit.

National Coal Board official light-up of new coke ovens at Monkton Colliery Plant, near Jarrow.

Liberal Party assembly continues, Blackpool.

Princess Anne attends gala preview of "Oklahoma" to aid of Riding for the Disabled Association.

Golf: Merseyside Open Championship, Royal Liverpool: Hennessey Cognac Cup, Sunningdale: Men's Home Internationals, Royal Dornoch: Women's Home Internationals, Cruden Bay; Hitachi Women's PGA Tournament, Walsall.

Overseas: Mr. Peter Walker, Agriculture Minister, starts tour of Venezuela and Argentina.

World Photographic Fair (Photokina 80) opens, Cologne (to September 18).

OFFICIAL STATISTICS

Department of Employment issues August retail prices index. Central Statistical Office publishes tax and price index for August. Building societies' monthly figures (August).

COMPANY MEETINGS

Avana, Park Hotel, Park Place, Cardiff, 3. D. F. Bevan, The Midland Hotel, New Street, Birmingham, 12.15. CH Industrials, The Carlton Tower Hotel, Cadogan Place, W, 12. General Electric, Institution of Electrical Engineers, Savoy Place, WC, 12. RFD, Winchester House, 100 Old Broad Street, EC, 12. Radiant Metal Finishing, 69 Fairfield Road, Bow, E, 10.30. Thorn EMI, Winchester House, 100 Old Broad Street, EC, 12.

COMPANY RESULTS

Final dividends: Cantors. Interim dividends: Appleyard Group of Companies, Friedland Doggart Group. Interim figures: BL.

LUNCHTIME MUSIC, London

Organ recital by Leonard Lazell, St. Paul's Cathedral, 12.30 pm.

Singers' workshop, St. Mary Woolnoth, Lombard Street, EC3, 1.10 pm.

Recital by Kirsten Johnson (mezzo soprano), St. Martin-within-Ludgate, Ludgate Hill, EC4, 1.15 pm.

Turner & Newall down by £6.6m and cuts interim

EXCEPTIONAL CHARGES of £5m, representing UK redundancy and severance payments, and significantly higher financing costs of £10.7m, against £5.8m last time, meant that pre-tax profits of Turner and Newall fell from £18.8m to £12.2m for the six months to June 30, 1980.

External sales of this industrial group climbed from £294.7m to £348.1m, while trading profits, reflecting an improved overseas contribution, moved ahead from £24.8m to £27m. Overseas profits increased to £15.7m (£11.4m) including £5.8m from Zimbabwe, but the UK performance dropped to £9m (£10.8m) and other European companies profits were £0.3m lower at £2.3m.

With net earnings per £1 share showing a fall from 7.2p to 2.54p, the interim dividend is being reduced from 4.5p to 3p net—last year's total of 11.5p was paid from taxable profits of £27.5m.

Mr. Stephen Gibbs, the chairman, says it would be foolish in the present economic situation to forecast an improvement for the remainder of the year, but the group has inherent strengths.

Overseas interests earn substantial profits and continue to do well in spite of the international recession, he states, but the UK companies have had to struggle in a difficult environment.

Most UK companies are now on short-term working in at least part of their operations, but their businesses are sound and the vigorous action taken has made them leaner and more able to forge ahead again as soon as the recession eases.

Between March and the end of this month, the group's UK companies will have cut numbers employed by about 2,750, Mr.

	Half-year 1980 £m	1979 £m
External sales	348.1	294.7
UK	222.8	209.0
Other European	43.2	38.0
Other overseas	123.3	89.6
Less intra-group	41.8	41.9
Trading profit	27.0	24.2
UK	9.0	10.8
Other European	2.3	2.6
Other overseas	15.7	11.4
Expenses	2.1	2.1
Exceptional charge	5.0	—
Associates' share	3.0	1.7
Net finance charges	10.7	5.8
Profit before tax	12.2	18.8
Taxation	8.5	8.5
Net profit	3.7	10.3
To minorities	0.5	2.5
Extraord. credit	0.4	—
Attributable	3.2	7.8
Dividends	3.3	4.9
From reserves	0.1	†2.9

† To reserves.

Gibbs reports. The annualised employment costs of these people were £15m.

At the annual meeting in April, the chairman warned that trading conditions would not improve and that further action must be taken to reduce financing charges and to restore adequate levels of profitability in the UK.

Since then, the group has sold its interests in asbestos mining and manufacturing in Canada, in Hardie-Ferodo and Acmil Plastics in Australia and in Ets. Degard in France. The sale of these companies, none of which was of strategic importance to the group, realised £17m which has been used to reduce borrowings.

As a result of these and other actions net group debt was reduced by £5.5m in the six months. This reduction and the re-consolidation of the Zimbabwe assets meant that net debt was 36 per cent of stockholders' funds at June 30, 1980, compared with over 50 per cent at December 31, 1979.

In addition, the group has entered into an option agreement for the sale of its shares in Cassiar for over £7m which will be used to further reduce borrowings.

A divisional breakdown of sales and trading profits for the half year shows: plastics and industrial materials £127.8m (£121.5m) and £2.9m (£7.8m); automotive components £102m (£91.2m) and £7.8m (£6.8m); construction materials £82.8m (£67.8m) and £6.3m (£2.5m); chemicals £28.2m (£29.8m) and £2.4m (£3.4m); mining £49.2m (£26.3m) and £5.6m (£4.3m). Intra-group sales again accounted for £41.9m.

Although direct exports from the UK increased in value by 5.5 per cent to £57.8m on the same period last year, the strong pound continues to reduce their profitability.

Lex, Back Page

HIGHLIGHTS

Lex looks at three of the major company news stories of the day. Zimbabwe has given a cosmetic boost to Turner and Newall's figures. The company is facing tough competition in the UK and appears only to be holding cash levels by a series of asset disposals, hence the cut in dividend. A surprising move in the investment trust sector came yesterday with news that Globe is planning to dispose of a £30m stake in its separately-quoted subsidiary Electra, the latter being known for its interests in small unquoted companies. Meantime at United Biscuits there is no change in half-time profits, but helped by acquisitions the company should have its nose in front by the year end.

UB held back by higher interest

SUBSTANTIALLY INCREASED interest charges have offset an improvement in trading profit at United Biscuits (Holdings). The result is that the profit before tax for the 28 weeks ended July 12, 1980, is unchanged at £16.1m.

This is in line with the company's expectations. And chairman Sir Hector Laing confirms his earlier forecast that the full year's profit will exceed the £43.7m achieved in 1979, despite the present recession.

All positive steps are being taken to reduce unit costs in order to maintain the competitive position. In addition, the balance sheet is strong, says Sir Hector.

In the interim period, sales expanded from £401m to £449m and trading profit rose £2.4m to £20.4m. Interest, however, shot up from £1.9m to £4.3m.

Earnings are shown at 4.4p against 5p. The interim dividend is lifted from 1.7p to 1.87p at a cost of £5.8m (£4.3m)—last year's final was 2p.

In the UK the biscuit company had a poor start, partly because of downstocking by retailers. Although some improvement has occurred recently, the market remains extremely competitive.

The snack foods company, KP, had a good first half and its markets continue to be buoyant.

While sales progress is being made in both frozen foods and fast food operations, the depressed economy has affected profitability at a time when the group is engaged in a heavy programme of marketing investment.

In the U.S., while Keebler's profit trend is satisfactory, actual profits were seriously affected by a strike. Specialty Brands' profits continue to show a very satisfactory increase.

	28 weeks 1980 £m	1979 £m
Turnover	448.9	400.8
UK	*298.7	264.0
North America	137.2	124.5
Rest of World	13.0	12.3
Trading profit	†20.4	18.0
UK	12.4	11.8
North America	8.0	8.9
Rest of World (loss)	—	0.5
Interest	4.3	1.9
Profit before tax	16.1	16.1
Taxation	3.8	3.4
Profit	12.6	12.7

* Including exports. † After depreciation £10.3m (£8.5m).

Lex, Back Page

Pru's underwriting losses rise sharply to £12.5m

DETERIORATING TRADING conditions in overseas insurance markets, together with intense competition in the world reinsurance market, resulted in doubled underwriting losses, from £6.5m to £12.5m, for the Prudential Corporation over the first half of this year.

Despite a one-fifth rise in investment income from £13.4m to £16.3m, the net surplus on general insurance business was trimmed from £5.6m to £3.7m, and the rise of £1m to £21.2m in net profits came from a 20 per cent jump in life profits from £10.7m to £12.9m and a steady increase in other net income.

The interim dividend is improved by 0.5p to 4p net.

The group, the largest life assurance conglomerate in the UK, reports a 16 per cent rise in life insurance premium income to £494m over the period and buoyant new life and pensions business. As already reported, new annual premiums in the Ordinary branch rose by 20 per cent while in the Industrial branch the rise was 35 per cent.

Premium income for general insurance business improved by 11 per cent in sterling terms from £209.5m to £232.4m. In the UK, premium income expanded by 27 per cent, while the overall underwriting loss remained steady at £6m—giving an improved operating ratio.

Losses on the UK motor account were cut from £2¼m to £1¾m, while losses on the domestic householder account were virtually unchanged at £3m. The Pru was late into index-linking cover and premiums and in increasing the premium rates.

Underwriting losses on overseas business worsened considerably over the period, amounting to about £2½m. A comparison with last year is not available, the Pru having merged its general insurance operations with the Cornhill in Australia and with the Phoenix in South Africa.

Canada produced an underwriting profit, but at a much lower level than last year—an overall market trend — while results for Australia and New Zealand showed marked deterioration arising from severe competition. Conditions in Belgium continued to be difficult, but business in other territories continued to operate satisfactorily.

The results of the group's specialist reinsurance company, Mercantile and General Reinsurance, showed an increased underwriting loss of £3m against £1m. This reflects the severe overcapacity affecting world-wide reinsurance operations and the highly volatile nature of the business.

● comment

The market was disappointed with the interim results of **Prudential Corporation,** with no reduction in UK underwriting losses and a much worse overseas trading result. Although the Pru managed to reduce its UK motor losses, in line with other insurance groups, it did not experience any reduction in domestic business losses despite the mild winter in the UK. Its action in rectifying problems with the domestic account has been taken very late, compared with other insurance companies with index-linking being introduced only last year and premium increases being made only in the middle of this year. The deterioration experienced by its reinsurance subsidiary reflects a very cautious view about the worldwide overcapacity problems. Overall, conditions should improve in the second half with better UK results and a more accurate assessment of M and G. But shareholders will still have to look to the buoyant life and pensions business for the bulk of their profits improvement. The share price shed 5p to 242p on the figures giving a 6.5 per cent yield on an anticipated 11p dividend.

Maynards ahead and pays 8.75p

INCLUDING exceptional credits of £646,000 against £101,000 which represent the net surplus on property sales less goodwill of businesses acquired, taxable profits of Maynards, confectionery manufacturer, rose to £2.17m in the year to June 30, 1980, compared with £1.36m.

Trading profits were up from £1.26m to £1.52m after depreciation of £468,000 (£373,000), and Mr. H. P. Salmon, the chairman, considers this a satisfactory result in view of the adverse effect the increase in VAT has had on many retailing sectors. This is no doubt as to the penal effect it has had on the confectionery industry, he adds. At midway, there was a pre-tax surplus of £1.85m (£1.2m) including exceptional credits of £497,000 (£26,000).

A final of 6.875p lifts the total dividend by 1.25p to 8.75p net. If conditions are favourable the directors intend to adjust the balance of interim and final payments next year.

Turnover improved by £6.04m to £46.44m. Tax takes £56,000 (£98,000) — again an exceptionally low charge, the chairman points out, due to continuing allowances for capital expenditure and increases in stock values.

Dividends, including preference holders, absorb £429,000 (£368,000) leaving the retained balance at £1.68m (£896,000).

A policy of competitive pricing and attractive sales promotions was adopted so as to maintain volume production in the group's factories, says the chairman, and this has not only protected the employment of staff but been of benefit to both wholesale and retail customers.

A revaluation of freehold properties in June this year has thrown up an excess over book value of £3m, compared with £2.25m in 1977.

Magnolia falls in first half

TAXABLE PROFITS of Magnolia Group (Mouldings), manufacturer and importer of picture frame mouldings, fell in the first half of 1980 from £473,000 to £387,000—despite turnover edging ahead to £3.54m, compared with £3.17m.

After a lower tax charge of £201,000 (£246,000) earnings per 10p share are shown as 3.37p (4.22p). Retained profit slipped from £194,000 to £153,000.

The interim dividend is a same again 0.6p net. Last time a total of 2.1p was paid from pre-tax profits of £1.12m.

Shell pays 8.6p for half year

THE INTERIM dividend for 1980 at Shell Transport and Trading will be just under 4 per cent higher than last year. However, this time there will be no special supplement to match last year when the company distributed dividend reserves held for shareholders during the period of restraint.

Last year that boosted the interim payment by 2.153p to 10.432p. This time the net payment will be 8.6p, payable on November 13.

Royal Dutch Shell has also announced its interim dividend, which is to be Fl 6 per share gross compared with Fl 5.5 at the halfway stage last year.

The company warns, however, that the interim payment should not be considered as an indication of the level of total dividend for 1980.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bridon ....int.	2.3	Nov. 10	2.3	—	5
Coronation Syndicate‖	60	Oct. 31	40	90	54
Harmony Gold ..‖int.	200	Nov. 7	85	—	250
Allen Harvey & Ross ..int.	10	Oct. 10	10	—	31.5
Hepworth Ceramic int.	2.25	Nov. 14	2.25	—	5
Higbcroft Inv. Tst. int.	1	Oct. 24	1	—	2.25
Guinness Peat	4.25	Nov. 4	4	7	6.25
KCA Intl. ....int.	2.5	Oct. 17	2	—	4.5
Lyon and Lyon ......int.	1.5	Oct. 31	2.5	—	7
Magnolia Group ...int.	0.6	Oct. 10	0.6	—	2.1
Maynards	6.88	—	5.81	8.75	7.5
Prudential Corpn. int.	4	Nov. 20	3.5	—	9.5
Rosedimond ....int.	3.5	Oct. 31	2.5	—	5.95
Ryl. Dutch/Shell §int.	6	—	5.5	—	12.25
Schroders ....int.	‡3	Oct. 30	*1.5	—	*8.5
Sedgwick ....int.	2	Oct. 24	2	—	5
Shell Transport ...int.	8.6	Nov. 13	8.28	—	¶18.76
George Spencer......int.	0.8	Oct. 14	0.8	—	3.06
Stewart Plastics	1.72	Oct. 30	*1.98	2.74	*2.49
Turner & Newall ...int.	3	Nov. 20	4.5	—	11.5
Utd. Biscuits ....int.	1.87	Jan. 7	1.7	—	3.7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increase to reduce disparity. § Gross Dutch florins throughout. ¶ Plus 30.391p special payments. ‖ South African cents gross throughout.

Recession hits Wellman Eng.

TH EFFECTS of the worldwide economic recession on the Wellman Engineering Corporation meant that the current year would not be a good one, Mr. A. C. N. Hopkins, the chairman, said at the annual meeting.

The first six months of the current year would show a loss, but unless the recession worsened the full year should be profitable, he stated. It was the board's intention to maintain the rate of dividend.

Within the past few weeks there had been a dramatic decline in orders received and this would adversely affect profitability. Most of the group's companies were working a four-day week with little prospect of upward change and some employees had been made redundant.

Mr. Hopkins said the group would weather the storm by stern cost control, by prudent investments in markets with a future and by taking suitable acquisition opportunities. When the worldwide economic picture improved, the group would resume its upward trend of profitability.

For the year ended March 31, 1980, pre-tax profits doubled to £2m, on turnover of £33m (£22.9m). The dividend was raised from 2.675p to 3.35p net.

Members were told that inquiries were on hand from America, Australia, Europe and South Africa for coal gasification plants totalling $180m. None of these inquiries would result in sales in the current year but some were likely to be converted into orders.

In short, prospects for the future were exciting but the present outlook was bleak, he added.

10p interim by Allen Harvey

DIRECTORS OF Allen Harvey and Ross, the bill broker and banker, have maintained the interim dividend at 10p net per £1 share. Last year a total dividend of 21.5p was paid from net taxed profits of £653,216.

Trading conditions in the six months to August 5, 1980, were difficult due to high short term interest rates and volatile price movements in fixed interest markets. However, reasonable profits have been earned.

Results for the full year will depend on interest rate movements in the next five months. Opportunities for profit will be limited unless MLR is further reduced, the board says.

A.B. Electronic Products Group's subsidiary, A.B. Electronic Components, has reached agreement with Dubilier Components to take over their production of cermet and wire-wound potentiometers.

A.B. will continue with the manufacture of the Dubilier range and will market the products under its own trade mark in the UK and continental Europe.

The arrangement ensures continued availability of the products to all existing customers, and embraces the acquisition and transfer of all plant and stocks, for a consideration of £200,000.

J. Hewitt ahead

PROFITS before tax of J. Hewitt and Son (Fenton), industrial and domestic refractory manufacturer, rose to £290,000 in the first half to June 30, 1980, compared with £162,000. Turnover rose from £1.69m to £2.41m.

For the rest of the year, although the level of turnover should be maintained, profit margins will be lower, say the directors.

Profits for the whole of 1979 were £387,000, and in May the directors said they could see no reason why the current year should not be satisfactory. A single dividend of 1.5p was paid last year.

After tax of £59,000 (£29,000), stated earnings per 25p share are 9.7p (5.9p).

Bridon down at interim stage

REFLECTING A deterioration in UK trading conditions and the disruption caused by the steel strike, taxable profits of the continuing businesses of Bridon, wire, wire rope, fibres plastics and engineering group, fell to £5.68m in the first half of 1980, compared with £8.07m.

However, when the £9.59m losses before interest of Ashlow Steel and Engineering Company were included, the first-half 1979 surplus was converted to a deficit of £1.52m.

Second-half profits are expected to be materially worse than those for the first six months, warns Mr. J. Laird, chairman, in view of the poor prospects for UK activities brought about by low levels of activity and intense price competition, and despite forecasts that overseas operations generally will hold up reasonably well.

The interim dividend is maintained at 2.3p and the chairman says the major factor in the consideration of a final is expected to be the extent to which an improvement in UK profitability during 1981 can be achieved. Management action has been and is being taken to counter the effects of difficult trading conditions, he adds. A total of 5p was paid last year from pre-tax profits of £3.59m, which were after losses of £11.81m at Ashlow.

Despite the adverse factors, UK wire rope operations produced satisfactory results for the first six months, states the chairman, the most European companies performed well.

Other overseas subsidiaries, in total, showed an improvement compared with the first half of last year.

The surplus this time is struck after depreciation, net of grants released, of £1.85m (£1.9m), interest charges up from £2.84m to £4.24m, and the associates' share of £5.3m (£5.91m), which includes £3.3m from the interest in the Haggie group, disposed of in May.

Turnover went ahead to £149.98m (£146.28m): exports from the UK rose to £20.37m (£16.69m) and other overseas sales to £66.14m (£61.55m), but UK sales fell from £68.04m to £63.48m.

Tax takes £3.12m (£289,000) and there are minorities' losses of £76,000 (£304,000).

After an extraordinary credit this time of £2.21m, comprising a £4.8m surplus on disposal of investments mainly relating to Haggie, less additional expenses and provisions of £2.6m following the Ashlow closure, net profit emerges at £4.85m compared with a loss of £1.5m.

Earnings per 25p share are shown as 4.83p (2.78p loss).

• comment

Bridon's troubles proceed apace. Hardly had the company disposed of the losing Ashlow engineering subsidiary when its main wire businesses ran into the recession. Pre-tax profit from the group's continuing operations dropped 30 per cent in the first half. However worse is to come. Wholly owned activities produced only £372,000 with the remainder coming from associates of which £3.3m was from Haggie which was sold in May. Thus, the "materially worse" results the group expects in the second half are to be based on the £2.3m from continuing businesses in the first half. The sale of Haggie has cut borrowings in half from the year-end which will obviously cut interest costs in the second half but it would probably be prudent to expect nil profits in the second half. A final dividend would seem unlikely unless demand turns around very quickly. The 1p rise in the shares yesterday to 69p is difficult to understand. On the assumptions for the second half the shares trade at a very high 13.8 times stated earnings and yield less than 5 per cent.

John Lewis profits down 28% halfway

ALTHOUGH PROFIT before tax of the John Lewis Partnership fell by 28 per cent to £9.2m in the first half of 1980, the size of the profit "may actually come as a pleasant reassurance in the light of the diminished profits reported by some other companies recently," says the chairman Mr. Peter Lewis.

The volume of retail sales was running about 1 per cent below a year ago and he cannot see why the present national scene should be expected to change materially in the rest of the year.

Sales in the department stores and Waitrose supermarkets in the half-year ended July 26 rose by £50m (17 per cent). Department store sales increased £20m (12 per cent) and supermarket sales by £30m (25 per cent).

Trading profit at £16.2m was £1.7m lower than last year's record. Waitrose trading profit rose by 25 per cent.

Interest payable rose by £1.8m principally because of higher interest rates. The profit available for tax, reserves and profit sharing among the 25,000 worker-partners was £9.2m—28 per cent down. Allocation between reserves and profit sharing in the Partnership is not determined until full year results are known.

Mr. Lewis says one of the bright features was the Waitrose improvement, and it has made a particularly valuable contribution when the department stores are experiencing a temporary reduction of profit. Even in Waitrose, however, expenses rose faster than sales, and he gives some measure of the situation by pointing out that the increase in expenses for the department stores was 20 per cent while their lift in sales was only 12 per cent.

"We have to be very watchful until we have reversed that trend. National statistics indicate an increase of about 14 per cent this year against last up to the end of June in the value of the country's retail sales as a whole. The Partnership's total sales for the six months ending July 1980 were £344m or 17 per cent up on 1979."

Stewart Plastics higher

GROWTH OF some £42,000 in second half taxable profit enabled Stewart Plastics to edge the 1979-80 full-time total ahead from £2.1m to £2.27m. Sales by this plastic injection moulder for the year to April 30, were up at £8.56m against £7.45m.

After tax of £1.07m (£933,614) stated earnings per 25p share were 10.6p (10.3p). The net total dividend is effectively raised from 2.49328p to 2.7424p by a 1.722p final.

Mr. C. Dugan-Chapman has waived the final payment in excess of 0.861p on 4.75m shares.

Pre-tax profit included interest received up from £266.177 to £572.787. For the previous year that was a £143,000 profit on sale of investments.

BANK RETURN

BANKING DEPARTMENT

	Wednesday September 10 1980 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	—
Public Deposits	37,158,182	— 863,026
Bankers Deposits	483,116,813	— 181,488,783
Reserve & other Accounts	685,382,498	+ 34,536,367
	1,156,220,287	— 127,825,444
ASSETS		
Government Securities	509,754,063	— 113,310,001
Advances & Other Accounts	366,333,281	+ 116,001,708
Premises Equipment & Other Secs.	261,550,888	— 148,661,468
Notes	28,277,648	+ 20,309,863
Coin	306,087	+ 34,352
	1,156,220,287	— 127,883,444

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,200,000,000	— 25,000,000
In Circulation	10,171,722,559	— 45,309,965
In Banking Department	28,277,648	+ 20,309,965
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,760,512,719	+ 370,364,037
Other Securities	1,428,472,199	— 395,364,037
	10,200,000,000	— 25,000,000

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ackroyd, Charles Clifford Industries, Friedland Doggart, I.O.C., Norvic Securities, George Oliver (Footwear), Rowton Hotels.

Finals—Blackwood Morton, Bracken Mines, Canzora, Kinross Mines, Leslie Gold Mines, St. Helena Gold Mines, Unisel Gold Mines, Winkelhaak Mines.

FUTURE DATES

Interims—

Blockleys	Sept. 16
Harris and Sheldon	Sept. 23
Inveresk	Sept. 16
Lane (Percy)	Sept. 25
Leadenhall Sterling	Sept. 15
Rowan and Boden	Sept. 24
Wadkin	Sept. 16
Whatman Reeve Angel	Sept. 30
Wimpey (George)	Sept. 25

Finals—

London Merchant Securities	Sept. 16
Sirdar	Sept. 15
Trafford Park Estates	Sept. 17
Walker (James) Goldsmith and Silversmith	Sept. 22

HARLAND SIMON

Harland Simon (1980) has formed a new company to be known as HS Electrical Contractors. HS will be broad based in its installation activity and will undertake electrical installation of equipment designed and manufactured by Printing and Process Applications and Harland, which constitute the two divisions of Harland Simon (1980).

Sedgwick falls £2.4m as strong pound takes toll

WITH AN important part of its income earned in U.S. dollars and other foreign currencies, the continuing strength of sterling has adversely affected first-half 1980 results of Sedgwick Group, insurance and reinsurance broker and underwriting agent.

Excluding insurance companies, pre-tax profits dropped £2.4m to £22.9m for the six months to June 30, but applying the exchange rates ruling during the first six months of 1979, it is estimated that results for the period could have been £2.1m higher.

Mr. Neil Mills, the chairman, says the strong pound, together with existing over-capacity in world insurance markets, a world economic recession and a high UK inflation rate has contributed to the difficult trading conditions reflected in the results.

Earnings for the period were down £0.4m at £11.6m, after a lower tax charge of £11.2m (£13.2m) and unchanged minorities of £0.1m. Earnings per 10p share slipped from 5.7p to 5.5p, but the interim dividend is kept at 2p net—last year's final was 3p.

The directors consider it misleading to include interim results of the group's insurance companies due to the nature of their business. These results, which would not be material to the group as a whole, have therefore been excluded.

Mr. Mills reports that the uncertainties of the world economic climate, in particular the buoyant pound and the soft insurance markets, continue to make it difficult to forecast revenue for the second half of 1980. However, the group is doing everything possible to safeguard its profitability by expanding the business and controlling expenses.

First-half results include over £1m of additional property costs, the majority of which will not recur in the second six months.

During the six months, negotiations for the £6.6m purchase of the Gardiners Corner site, adjacent to the group's existing London headquarters, were completed. Construction has started ahead of schedule and is making good progress.

• comment

Sedgwick continues to suffer from soft insurance markets and the high exchange rate of sterling. Nearly 70 per cent of the group's revenues are in foreign currencies whereas most expenses occur in the UK. However, the shares were unchanged at 120p following the report of the 9.5 per cent drop in interim pre-tax profits. Expenses are still growing at about 10 to 15 per cent which suggests that the savings from the merger with Bland Payne are coming more slowly than expected. The prospects for the remainder of the year seem uninspiring and the group could end up with pre-tax profit of £46m, slightly down from last year. If so, the shares trade at 11.2 times prospective fully taxed earnings. If the final is raised one-tenth, the prospective yield would be 6.4 per cent.

Schroders' profit increase

The directors of Schroders, the banking, finance, insurance and investment group, say that profits for the first six months of 1980 are higher than those achieved in the corresponding period of 1979.

Although they are raising the interim dividend from the equivalent of 1.5p, after allowing for the one-for-one scrip issue, to 3p net per £1 fully paid share they say the increase is to reduce the disparity.

Last time a final equal to 7p was paid from attributable profits of £6.01m.

Hepworth Ceramic little changed—major U.S. deal

Hepworth Ceramic Holdings, which yesterday announced a slight drop in first half pre-tax profits from £15.28m to £15m. plans to buy Western Plastics of the U.S. for around $30m (£12.5m.).

This will be its largest ever acquisition and forms part of the company's aim of trying to obtain a rough 50-50 balance between UK and U.S. earnings over the next decade.

Through its U.S. subsidiary, Hepworth (Washington), the group will make a tender offer for all of the shares of Western Plastics at a cash price of $17.75 each. Western Plastics is based in Tacoma in the state of Washington and makes plastic pipe, plastic containers and industrial foam.

Hepworth reckons that Western's net tangible assets exceed $23m on a UK accounting basis Turnover last year totalled $47.3m and pre-tax profits were $3.9m on a LIFO stock valuation basis. On the FIFO basis used by Hepworth, they were $5.2m, with a drop to $3.1m foreseen for this year.

Hepworth plans to begin the tender offer not later than September 16 and will finance the deal through a eurodollar loan. Mr. Peter Goodall, Hepworth's chairman, said Western would make no contribution to earnings this year after financing costs. The U.S. company also has plants in California, Alaska and Western Canada.

Hepworth already has agreement from holders of 75 per cent of the Western stock, including the chairman and president, to the tender. The offer will be subject to receipt of and order under the Foreign Investment Review Act of Canada allowing the indirect purchase by Hepworth of Western Plastics' Canadian subsidiary and the tender of at least two-thirds of the outstanding stock.

Hepworth's own results, said Mr. Goodall, reflected the strike in the steel industry earlier this year, as well as the severe downturn at home and abroad in all its activities, largely based on steel and construction.

Turnover in the first half rose from £130.3m to £137.1m. After tax, profits eased from £11m to £10.5m, with exchange losses of £622,000 (£33,000) bringing attributable profits down from £10.98m to £9.91m.

Earnings per share were 6.7p (9.6p) and the company is maintaining its interim dividend at 2.25p. Last year a total of 5p was paid from profit of £36.2m.

● **comment**

Blame for the profits dip at Hepworth has been laid firmly on the steel strike, which plunged the refractories division into a loss of over £1m, more than offsetting for the impact of the rights issue on the group's interest position. There should be some recovery here in the second half but with the building cycle still turning down, Hepworth will do well to produce more than £31m for the year. The rating of the shares (a fully-taxed prospective p/e of 10.4 on yesterday's price of 101p) owes more to the solid long-term prospects and the strength of the balance sheet. The Hepworth emphasis on productivity has forced profits up almost three-fold over the last five years, while the number of employees has fallen. With a spending programme running at £40m per year on existing operations alone, the group looks determined to persevere with cost efficiencies. The latest U.S. purchase is the largest made by Hepworth to date and in part makes a virtue of necessity, given the company's dominant market position in the UK. Yet the company is aiming to build up a U.S. business equivalent in size to the UK and, over the long term, sizeable benefits should accrue. The maintained dividend looks cautious, given the high cover and strong cash position, but reflects the uncertain second half prospects. The yield is 7.2 per cent on a maintained final.

Lyon and Lyon falls—cuts interim

DUE TO the unfavourable trading environments affecting results, directors of Lyon and Lyon have declared a reduced interim dividend of 1.5p net, compared with 2.5p last time. Though turnover for the six months to June 30, 1980, was virtually unchanged at £4.99m, against £4.97m, pre-tax profits of the group fell from £399,616 to £204,650. The tax charge was down from £140,000 to £106,000.

Last year a total dividend of 7p net per 25p share was paid from pre-tax profits of £779,742.

Directors say the ship repairing business, with some immunity from the unfavourable environment, has produced a marginally increased contribution to group profits. But the vehicle distribution and transport companies, bearing the full brunt of the effects, have failed to maintain satisfactory margins.

U.S. oil and gas company obtains London listing

BY ALAN FRIEDMAN

THE Texas-based oil and gas company, Pennzoil, will announce today that it has obtained a Stock Exchange listing and dealings in the group's 51.5m shares are scheduled to begin on Monday.

Mr. Hugh Liedtke, the chairman of Pennzoil, said yesterday that although more than 95 per cent of the company's assets of $2bn (£833m) are located in the U.S. the board feels that it is important to broaden its equity trading to include the London market.

"We have no immediate plans to ask for any financing in London, but we are getting involved in the North Sea and the listing is also in response to what we see as an interest in our shares over here," he said.

The company estimates that around 5 per cent of its shares are held by UK investors. At yesterday's price of $51 per share this represents a British investment in Pennzoil of close to $130m (£54m).

The company is already listed on the New York and Toronto stock markets and last week obtained listings in Zurich, Geneva and Basel as well. Mr. Liedtke described these new listings as an effort to develop international awareness of his company.

In the North Sea, Pennzoil is participating in two consortia which are bidding in the Seventh Round of licence applications. These are the Cities Service group, in which Pennzoil's share will range between 18 and 27 per cent depending on which blocks are obtained, and the Nordwinning group, in which Pennzoil will hold a 20 per cent stake.

Cities Service will be the operator of the first consortium which will be bidding in the Northern areas. Other members will include Taylor Woodrow, Hudson Bay, Attock Petroleum and Selection Trust.

Pennzoil plans to be the operator of the Nordwinning group, which already has natural gas production activities in the Dutch part of the North Sea. Other members of this consortium will be Amax, Diamond Shamrock, Selection Trust, Billiton (Dutch), Hoogovens (Dutch), Caland (Dutch) and Wintershall (German).

In addition to the North Sea, Pennzoil is also branching out with new drilling work in Syria and seismic work in the South China Sea. Mr. Liedtke said he had met with various Chinese Government officials including Vice-Premier Deng Xiaopeng and received official approval to carry out exploration with Standard Oil of Indiana and others.

Although Mr. Liedtke said there are no immediate plans to come to the market for financing, Pennzoil has received facilities for between $5m and $10m of borrowings in the UK from National Westminster Bank. If either of the two Seventh Round consortia are successful and reach a development stage, Pennzoil may consider additional finance in London, he said.

Mr. Liedtke was unwilling to specify the amount of funds Pennzoil might commit to the North Sea. "We'll commit whatever it takes," he said. The group's capital expenditure on oil and gas, mostly in the States, will total $400m this year. Capital commitments for the mining and other parts of the company will amount to $100m.

Mr. Liedtke estimated the group's proven reserves at 100m barrels of oil and more than 1 trillion cubic feet of natural gas.

The Pennzoil listing has been arranged by Merrill Lynch, the U.S. stockbrokers, and Cazenove.

Sea Containers obtains quote as growth prospects return

BY WILLIAM HALL, SHIPPING CORRESPONDENT

TRADING IN the shares of Sea Containers, the world's largest lessor of marine container equipment and one of the most popular U.S. growth stocks, begins on the London Stock Exchange on Monday.

"For the last 19 months the Sea Containers group has been a tiger in a cage. We have been caged in by events in Iran, by defaulting lessees, by low ship charter rates, by excessive stocks of containers awaiting repair, and by murderously high interest rates.

"The door of the cage is now open and we are out and running again": is how Mr. James Sherwood, founder and president, summed up the group's affairs at its recent annual meeting.

The recent performance of the share price indicates that U.S. investors at least are convinced that the tide has turned for Sea Containers. From a peak of $36½ in 1978 the share price fell to a low of $14¾ late last year and has since recovered to $26½ on the New York Stock Exchange.

The use of leased containers in the shipping industry worldwide has grown from 28 per cent to 49 per cent over the last ten years and is expected to rise to two-thirds over the next decade.

Against this background Sea Containers revenues have jumped from under $10m in 1971 to over $160m last year and net earnings from $1.4m to close to $28m.

The key to the group's success has been its uncanny ability to spot technical trends in the container industry and supply the hardware before anybody else. It owns 178,000 containers, 6,000 road chassis, 27 container cranes and over 30 container ships.

However 1977 marked a turning point for the group—earnings peaked and an ill-fated project was inaugurated involving transporting large amounts of lamb from Australia to Iran. As a result of the Iranian revolution the project collapsed and Sea Containers lost a substantial amount of money.

Shortly afterwards the group's interest costs jumped from $14.1m in 1977 to $50.3m in 1979 and, although revenues have nearly doubled over the same period, stated net earnings have only edged up from $26.1m to $27.9m.

Worse still, if adjustments are made for the change in the depreciation charge and capitalised interest stripped out, its 1979 earnings dropped to $16.8m.

For the last three years, Sea Containers has been spending more than three times as much as it was generating internally, with the result that last year debt equity ratio soared to about 3.4 to one.

In the spring Sea Containers announced that it was selling 12 of its 40 ships to raise $100m, "revising" its borrowings and shelving some of its more ambitious property plans in London.

The group has now forecast that its 1980 net income will be in the range of $40m to $50m. However after stripping out the $15m-$20m on ship and equipment sales and adjusting for the change in depreciation the overall outturn will probably not be as good as the 1977 peak.

Rosedimond lifts interim

Net revenue of Rosedimond Investment Trust expanded from £149,999 to £208,461 in the half-year to July 31, 1980, and the interim dividend is stepped up from 2.5p to 3.5p net.

The directors explain that a larger proportion than normal of the estimated total revenue for the year has been received in the first half and the increase in dividend is not, therefore, to be taken as an indication of the total.

However, they estimate that dividends this year will not be less than the 1979-80 payment of 5.95p, which included non-recurring items of 0.88p.

Earnings per income share are shown up from 2.5p to 3.48p and the net asset value on capital shares has risen to 162.1p (131p). Gross revenue amounted to £340,201 (£293,749).

KCA rises to £2m midyear

THE RECOVERY of KCA International in the last quarter of 1979 continued strongly into the current year resulting in pre-tax profits for the six months to June 30 showing a rise from £1.01m to £2m. The directors say that this trend is expected to continue throughout the remainder of the year.

For the whole of 1979 taxable profits of this oil servicing and contracting group showed a drop from £2.74m to £2.68m which included a surplus from the sale of land of £950,000.

The surplus for the current half-year was struck after exchange rate gains of £106,000 (nil) but it also included a deficit of £35,000 from its share of associated companies' losses.

The interim dividend is increased from 2p to 2.5p net. Last time a final of 2.5p was paid.

After overseas tax of £550,000 (£771,000) and an irrecoverable £292,000 (nil) for Advanced Corporation Tax stated earnings per 25p share are up from 0.8p to 4.3p. Attributable profit, after a same-again £16,000 for preference dividends, showed an increase from £223,000 to £1.14m.

● **comment**

Higher drilling volume in the North Sea, additional contracts in Pakistan and Canada and increased drilling rates all helped to boost pre-tax profits at the drilling division of KCA International. This division contributed around 90 per cent of the group's earnings while the "mud" business (drilling fluids) kicked in a profit of around £100,000, a turnaround from last year's first half loss of around £300,000. The group's engineering division broke even in the first six months of the year, an improvement from a total loss of £250,000 last year. The oil services industry is closely aligned to the general oil business and increased activity in the North Sea and elsewhere should continue to help KCA in the second half. Full year pre-tax profits of around £4.5m would suggest a full taxed p/e of 12.3, which seems a bit pricey even for a growing business. If the 25 per cent interim dividend rise is continued at year-end, a prospective yield of 8 per cent at 101p will be in sight.

WILSON BROS.

The Board of Wilson Bros proposes, subject to stockholders' approval, to repay and cancel the 6¼ per cent unsecured loan stock, 1984-89, at 80p per £1 nominal of stock.

The price represents an increase in capital value of 41½ per cent over the middle market quotation of 56½p on August 8 and is substantially greater than the price at which the stock has been quoted on the Stock Exchange at any time during the last six months. There is £115,816 nominal of the stock in issue.

Tavener losses reduced

Despite higher interest charges of £111,414, against £88,200, Tavener Rutledge, the Liverpool-based confectionery manufacturer, reduced its taxable losses in the half-year to June 30, 1980, from £156,693 to £51,290.

This follows a profitable second six months' trading in 1979 which reduced that year's loss from 1978's £345,499 to £139,714.

The chairman, Mr. W. H. Tavener, says the second half of the year normally provides an upturn in trade in the UK and he has no reason to believe this should not be so this year—even if less marked than usual.

However, he says, any optimism in this respect has to be tempered with serious doubts about the future of exports which will depend very largely on exchange values, though he expects home market progress to be maintained.

Turnover remained virtually static in the six months at £3.34m, compared with £3.22m, but there was a trading profit for the period of £94,437, against a loss last time of £20,493.

There is again no interim dividend. The company's last payment was in 1977, when a total of 8.8p net was paid.

Against a market downturn for sugar confectionery in the UK of about 8 per cent in volume, the company managed in the six months to maintain last year's tonnage, thereby increasing its market share. But it had to contend with destocking in the trade and a general reaction against higher prices.

On the home market the chairman says the company is on the same footing as its competitors but on the export front it certainly is not. It is nearly 17 per cent lower in exports, which is in line with the trade as a whole, but if the pound maintains its present strength immediate prospects for exports do not look good, he warns.

Mr. Tavener says the company's actual level of borrowings were reduced over the first six months and he expects this trend to continue. Severance payments during the period amounted to £15,099, compared with £38,113.

RESULTS AND ACCOUNTS IN BRIEF

ELECTRICAL AND INDUSTRIAL INVESTMENT COMPANY (A member of the B.E.T. Group)—Gross income for six months to June 30, 1980, £447,349 (£359,218). pre-tax profit £418,569 (£333,909). tax £132,000 (£111,500). stated earnings per £1 share 283p (218p). Year-end is to be changed to March 31 to coincide with that of parent company: interim dividend for 15-month period to March 31, 1981, 200p (190p).

BIRMINGHAM AND DISTRICT INVESTMENT TRUST (member of B.E.T. group)—Gross income for 6 months to June 30, 1980, £1.72m (£1.4m). Pre-tax profits £1.66m (£1.38m) after expenses £50,000 (£57,000), debenture interest £13,500 (same) and other interest £500 (£48,500). Tax £532,200 (£383,700). Earnings per 10p share 3.9p (2.53p): interim dividend 2.25p (2p) net, costing £755,703 (£671,736). The company is changing its year-end from December 31 to March 31 to coincide with its parent and current accounting period will therefore be extended to 15 months.

DENBYWARE—Results for year to March 29, 1980 and prospects already reported. Shareholders' funds £4.33m (£4.31m). Bank loans and overdrafts £3.45m (£2.5m). Crown House owns 29.98 per cent and Minoter Assets 11.85 per cent of capital. Meeting, Nottingham, October 9 at noon.

STEINBERG GROUP (clothing and handbag maker)—Results for year to March 29, 1980 already reported. Historic pre-tax profit £637,000 reduced to £40,000, after depreciation £193,000, cost of sales £498,000 and monetary working capital £140,000. Shareholders' funds £6.87m (£6.76m). Overdrafts £2.33m (£2.07m). Bank term loan £1.25m (same). Meeting, Grosvenor House, Park Lane, W1, October 1 at noon.

SECURITY CENTRE HOLDINGS (formerly St. George Assets)—Results for year to March 31, 1980, already known. Shareholders' funds at March 31, 1980, stood at £860,686 (£426,871). Investments totalled £201,434 (£323,309) Compensation receivable amounted to £34,287 (nil), the balance receivable for the nationalisation of Sri Lankan assets. Meeting, 15, Christopher Street, EC, October 3, at noon.

F. GOPSON (heating equipment and builders' materials)—Results for year to April 30, 1980, already known. Shareholders' funds £856,081 (£730,887), bank overdraft repayable on demand £229,809 (£117,347), bank loan repayable within two years £22,000 (£46,000). Directors will be very disappointed if results for current year do not at least match those of 1980. Meeting, Sutton Coldfield, October 3, 12.30 pm.

CITY OF LONDON BREWERY AND INVESTMENT TRUST (member of Touche Remnant management group)—Results for year to June 30 reported August 8. Investment £47.91m (£44.96m) comprising £44.48m (£42.56m) listed in UK and £2.85m (£1.73m) abroad at market value, and £577,717 (£667,172) unlisted at directors' valuation, including £318,800 of contracted capital expenditure of £615,000, being the company's proportion of the estimated cost of a property development. Bank balances and short-term loans £2.09m (£1.21m). Meeting, Winchester House, London Wall, EC, October 2, at 2.30 pm.

GRIMSHAWE HOLDINGS (manufacturer and supplier to D-I-Y market)—Results for year ended April 30, 1980, with prospects reported September 5. Shareholders' funds £1.4m (£0.8m): subordinated convertible loan nil (£218,000): term loans £243,000 (nil). Bank overdraft (secured) £994,923 (£227,167). Bank and cash balances £88,756 (£166,440). Meeting, Waldorf Hotel, WC, October 2, noon.

HAROLD INGRAM (knitted garments group)—Results for year to April 30, 1980, already known. Shareholders' funds £2.24m (£2.21m). cash £621,403 (£666,998). Meeting, London W, September 22 at 11.30 am.

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	60	210	64	210	—	—	358p
BP	330	32	10	60	—	72	—	"
BP	360	15	24	32	—	50	—	"
BP	390	4½	17	18	48	—	—	"
BP	420	1½	2	—	—	—	—	"
Com. Union	130	47	6	50	—	—	—	177p
Com. Union	140	37	5	41	—	46	—	"
Com. Union	160	17	28	24	—	30	—	"
Cons. Gold	500	85	12	110	11	128	6	574p
Cons. Gold	550	45	—	80	43	88	—	"
Cons. Gold	600	21	1	50	3	70	10	"
Courtaulds	70	2½	23	5½	—	9	—	60p
GEC	420	110	6	135	1	—	—	517p
GEC	500	38	15	65	40	88	—	"
GEC	560	15½	71	36	21	68	1	"
Grand Met.	130	39	9	36	—	—	—	166p
Grand Met.	140	20	17	28	—	33	—	"
Grand Met.	160	6½	16	16	—	20	—	"
ICI	330	40	1	54	—	61	—	369p
ICI	360	11	54	32	—	40	—	"
ICI	390	3½	60	18	19	26	—	"
Land Secs.	225	104	10	—	—	—	—	393p
Land Secs.	325	74	9	90	—	—	—	"
Land Secs.	353	47	18	65	86	—	—	"
Land Secs.	390	16½	86	38	30	56	—	"
Marks & Sp.	100	10	49	15	—	21	—	108p
Marks & Sp.	110	4½	17	9½	—	14½	—	"
Shell	390	30	31	48	16	58	—	410p
Shell	420	16	46	36	4	40	—	"
Shell	460	6	10	20	2	30	—	"
Totals			856		474		17	
		November		February		May		
Imperial Gp.	80	8½	15	13½	—	14½	—	86p
Imperial Gp.	90	3½	10	7½	29	9	—	"
Lonrho	84	21	—	27	10	—	—	102p
Lonrho	94	14	22	21	50	—	—	"
Lonrho	104	9	83	14½	56	—	—	"
Lonrho	114	4	61	9½	28	—	—	"
P. & O.	110	19	—	22	7	—	—	124p
P. & O.	120	16	4	14½	4	—	—	"
P. & O.	130	6	24	10½	12	13½	—	"
P. & O.	140	3	20	5½	—	10	—	"
Racal Elec.	280	62	25	80	—	93	—	332p
Racal Elec.	300	48	—	65	2	79	—	"
Racal Elec.	330	26	64	46	—	61	2	"
RTZ	460	42	1	68	—	85	—	478p
RTZ	500	25	16	45	—	65	4	"
Totals			305		202		6	

هكذا من الأصل

MINING NEWS

Western Platinum is to expand production

BY KENNETH MARSTON, MINING EDITOR

AN EXPANSION in production of platinum group metals, costing about R25m (£13.8m) which should raise working profits by some 62½ per cent is proposed by the Lonrho group's South African Western Platinum. It is intended to tackle the Upper Chrome Group of reefs, or UG2, following what is described as "a great breakthrough for South African technology."

Western Platinum points out that platinum mining by itself and others in South Africa has been hitherto confined to the famous Merensky reef in the Rustenburg area of the Transvaal. UG2, despite its known higher platinum group metal content, has not been separately exploited because of complex metallurgical problems. These problems, it is claimed, have now been solved by the company in close collaboration with the National Institute for Metallurgy.

The company's present annual output of approximately 135,000 oz of platinum group metals is to be increased by 110,000 oz. The UG2 material will be handled by the company's refinery and the additional metal production is expected to begin to reach the market in early 1982.

Taking the present levels of metal prices and costs Western Platinum at full production should make an additional working profit of around R20m. The present level is about R32m.

Mr. Sidney Newman, the company's chairman, said in Johannesburg yesterday that the extra production is not committed to any sales contract at this stage, but he pointed out that the platinum market was strong and hoped that it would remain so.

Japan's Mitsubishi has a three-year contract with Western Platinum running to late 1982 for about two-thirds of the company's present output, leaving the rest available for the spot market. Western Platinum's Mr. K. P. Wilkinson thought that Mitsubishi might want to increase is requirements.

On the subject of finance, he said this would be no problem for at least another year because of the present cash flow. Subsequently, the company would probably borrow the additional funds required, possibly some R8m to R9m. Western Platinum's other holders are Falconbridge Nickel (25 per cent) and Superior Oil (24 per cent).

AFTON CONFIRMS ORE EXTENSION

The British Columbia copper-gold producing Afton Mines controlled by Teck raised nine-month net profits to C$16.8m (£6m) compared with C$4.7m in the comparable nine months last year, reports John Soganich from Toronto.

Revenue from concentrates and blister copper was up at C$78.6m from C$43.2m.

Mill throughout in the latest quarter averaged 9,330 tonnes a day with an average grade of 1.07 per cent copper.

Drilling confirms that the ore zone continues beneath the open cut. As a result of five holes recently drilled underground reserves have been calculated at 6.5m tonnes grading 1.55 per cent copper, 0.047 ounce gold, of between 750 and 800 cents following the interim of 450 cents declared in June. For 1979 there was an interim of 250 cents followed by a final of 350 cents.

BHP may extract coal gas

THE OIL and gas division of Australia's Broken Hill Proprietary is investigating the feasibility of extracting useable methane gas from coal before mining. The company has completed four "wells" on its Blackwater coal lease in Queensland to a depth of about 450 metres.

Laboratory tests are now under way to determine the gas content of coal samples. Next month work is expected to begin on obtaining production data prior to stimulating the wells by nitrogen foam fracturing. The total gas content of Blackwater is put at as much as 20bn to 26bn cubic metres.

The foam fracturing method is considered feasible and economic and does not cause strata damage which might endanger subsequent coal mining operations. The company added that such a process would enhance mine safety and produce pipeline quality gas with low exploration costs since the location of the coal is already known.

The extracted gas could be used for power generation in coal mines, fertiliser production and possible commercial sales in Queensland which had a gas supply shortage. Meanwhile BHP plans to drill another four test wells at its Appin colliery in the southern New South Wales coalfield.

INTERIM BOOST FROM HARMONY

South Africa's gold and uranium producing Harmony is meeting best market expectations with an interim dividend for the year to June 30 of 200 cents (110p). For the previous year Harmony paid an interim of only 85 cents followed by a final of 165 cents. The shares lost ½ to £11¼ in a generally lower gold share market yesterday.

Meanwhile in Paris, Mr. V. F. Blane of Randfontein Estates anticipated that his company would be declaring a sharply increased final dividend for 1980

Sabina's new joint venture

CANADA'S Sabina Industries reports that it has tied up a joint venture and option agreement with Brunswick Mining and Smelting in regard to the Nine Mile Brook lead-zinc prospect at Bathurst in New Brunswick. Brunswick Mining can earn a 70 per cent interest in the property by spending C$1m (£357,000) on exploration work and making payments of C$250,000 to Sabina by July 1984.

Previous work carried out by U.S. Steel at Nine Mile Brook identified two zones of lead-zinc-silver mineralisation. The north zone assayed a reasonable 6.94 per cent zinc with 1.71 per cent lead and a little silver while the south zone gave lower values.

Sabina also has a 30.45 per cent interest in the Irish Rennicks and Bennett lead-zinc prospect at Navan. This is being explored by South Africa's Messina Transvaal Development. The latest news is that Messina is drilling deep holes in the southern part of the property near the boundary with Tara Mines.

These are exploratory holes and not connected with the previous drilling in the northern part of the property which established 2m tonnes of ore grading 7 per cent lead and zinc. If Sabina decides not to contribute to the senior financing of this venture its stake will fall to a 14.42 per cent carried interest.

ROUND-UP

Negotiations are continuing between management and trade union officials to end the strike at the Consolidated Gold Fields group's Renison tin mine in Tasmania. About 450 workers have been on strike at the mine for more than two weeks over a pay claim. The mine—a high profit earner—has been losing production of some 100 tonnes of tin concentrate each week.

* * *

Billiton International Metals a wholly-owned subsidiary of Royal Dutch Shell, has formed a $100m (£42m) mining investment company jointly with the state-owned Philippine National Development company. The new company will invest in mining projects and in the expansion of existing mining companies, according to Mr. Robert Ongpin, Philippines Industry Minister.

BIDS AND DEALS

Higgs puts asset value at 190p

Higgs and Hill yesterday flatly refused demands from BICC for an independent audit as a precondition to a bid and claimed assets of 190p a share. There was no immediate response from BICC.

When BICC unveiled its tentative 110p offer for the building contractor last week it stipulated as a "vital prerequisite" a joint audit of net tangible assets by Higgs and Hill's auditors and Coopers and Lybrand, an independent accountancy firm.

In reply Mr. Edwin Phillips, chairman of Higgs and Hill, has written to Sir Raymond Pennock, his counterpart at BICC, saying that the precondition is unreasonable and unacceptable.

His letter reveals, however, that Higgs and Hill had been prepared as early as mid July to let its auditors, Longcrofts, conduct a special investigation into any "particular areas that were of concern" to BICC and to do so to "standards and procedures established by your nominated accountants."

Mr. Phillips says this offer was not taken up by BICC, which simply repeated its earlier demands for a full independent audit of work in progress and net assets.

Higgs and Hill then agreed to discuss the "scope, method and timing" of the investigation BICC wanted but has now rejected it on several grounds.

It would, Mr. Phillips says, be operating under far more stringent professional restraints than a normal audit and "we clearly foresee that the accountants would be compelled to make qualifications which would unfairly detract from the conclusion of their report."

The investigation would not be able to meet the strict timetable which would be imposed by the Take-over Panel, and would put directors in a position of exceptional personal liability it, as BICC says, the accountants would insist on letters of representation from them.

In any case, Mr. Phillips adds, he would not be able to recommend a bid of 110p from BICC.

After allowing for loan stock conversions and a recent revaluation of investment properties, Higgs and Hill's board believes that "a net asset value per share in excess of 190p can be established." Investment properties are now valued at £7.6m or 85p per share.

Higgs and Hill, whose shares lost only 1p to 94p in the market after publication of the letter, still says it is willing to consider any unconditional bid, even though BICC's approach remains unwelcome.

BICC's advisers, Morgan Grenfell, said last night that the company was considering its position. The shares drifted down 3p to 145p.

BRADMAN REDUCES ROSEHAUGH SHARES

Mr. Godfrey Bradman, chairman of Rosehaugh, the tea company shell which has been transformed into a significant property trading vehicle, has reduced his family interest in the company from 19.81 per cent to 11.47 per cent. He has disposed of 405,804 shares, leaving the family interest at 614,284.

The Rosehaugh shares have been active over the past month, rising from 118p in early August to 157p on Wednesday of this week. Yesterday the shares lost 6p to close at 151p.

London Mercantile Investments has a 31.4 per cent stake in the company.

Globe holders offered Electra shares at 45p

Globe Investment Trust, the UK's largest investment trust, announced yesterday that it is reducing its stake in Electra Investment Trust from 74.44 to 26.73 per cent. Globe said it plans to keep its remaining interest as a long-term investment but would be increasing its percentage of overseas assets, having particular regard to the likely performance of foreign currencies against sterling.

Within these overall parameters Globe intends to consolidate over a period of years a part of its resources into a small number of large investments, both listed and unlisted. Electra, which concentrates on special situations, says it plans to increase its gearing and the emphasis on investment in unlisted companies.

The disposal of almost two thirds of Globe's stake in Electra will be made through an offer for sale to existing Globe stockholders. It is expected to raise about £30.76m.

The offer for sale, meanwhile, will be preceded by a two-for-one scrip issue of Electra stock. Following this and immediately prior to the offer for sale, Globe will hold more than 109m of the 146.7m issued Electra stock. At this stage 70m of these shares will be offered for sale at 45p each.

Globe stockholders will be able to apply both for stock calculated pro-rata to their existing holdings in Globe and for stock in excess of this which will be allocated at the discretion of the Globe directors.

The amount offered will be calculated on the following bases: For every 100 ordinary Globe stock units, 39 Electra stock units; for each £100 nominal of 6¼ per cent convertible unsecured loan stock 45 Electra stock units; for each £100 nominal of 5¼ per cent convertible unsecured loan stock 34 Electra units; for each £100 nominal of 11¼ per cent convertible unsecured loan stock 32 Electra units.

As an immediate result of the sale the directors of Globe point out that the net asset value of Globe will be reduced. This is because the net assets of the Electra stake will be replaced by the proceeds of the offer for sale and the remaining Globe stake in Electra—and both will reflect the discount in the market quotation of investment trusts. On the basis of recent prices the Globe asset value would fall, say the directors, from around 190p to about 181p. The proposals rely on shareholders' approval at extraordinary general meetings of both Electra and Globe.

● Globe and Electra have taken a 6.12 per cent stake in Reo Stakis, the Glasgow-based hotels and leisure company which is buying five provincial casinos from Ladbroke Group for £4.43m. Globe, with 3.25 per cent, and Electra with 2.525 per cent, together hold 3.275m shares in the company.

Lex, Back Page

SELECTION TRUST

The offer by BRITISH PETROLEUM for Selection Trust has been received in respect of 97.3 per cent of the capital. BP intends in due course to acquire compulsorily the outstanding shares.

TAIPING SALES

Taiping Consolidated, a Sime Darby subsidiary, has disposed of its holdings in Highlands and Lowlands and Harrison Malaysia Estates, giving it an extraordinary profit of ringgit 1.3m.

Taiping has sold 500,000 shares in Highlands in the open market at an average price of ringgit 2.845 per share, and 51,000 shares of HME in the open market at 172.9p each.

The reason for the sale is believed to b Taiping's desire to take a profit as it has no influence in the running of the two plantation companies. The profit from the sales would increase net asset value per share from ringgit 2.92 to 3.58.

Last month, Kempas, another Sime subsidiary, sold its 29.4m shares in Highlands to the Malaysian Government investment trust Permodalan Nasional, at ringgit 2.55 each.

STELLRAM SP

Stellram SA, Nyon, the carbide machine tooling company and the West Country plastic engineers Small Power Machine Company, have created a joint venture in Chippenham. The new company—Stellram SP—starts trading with a capital investment of £120,000 and a further loan stock of £40,000.

The company projects a turnover of £500,000 by August, 1981, with anticipated sales of £4m by 1984-85.

Stellram SP has been formed with the intention to manufacture the Stellram product range in a new 800 square metre factory being built in Chippenham.

SPAIN

September 11	Price %	+ or −
Banco Bilbao	237	
Banco Central	270	
Banco Exterior	212	
Banco Hispano	234	−3
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	270	
Banco Urquijo	143	+2
Banco Vizcaya	248	−2
Banco Zaragoza	226	
Dragados	111	
Espanola Zinc	70	
Fecsa	63.5	−1
Gal. Preciados	33	
Hidrola	69	−0.7
Iberduero	66.5	−0.7
Petroleos	120	+2.5
Petroliber	80	
Sogefisa	107	
Telefonica	63.5	
Union Elect.	19	−1

Guinness Peat tops £15m after commodity boost

A SURGE in commodity profits from £2.48m to £13.16m enabled Guinness Peat Group to more than double its pre-tax surplus to £15.67m for the year ended April 30, 1980, compared with £7.76m previously. In the first six months profits had jumped from £1.85m to £6.22m.

Trends so far this year show that the group is not escaping the effects of the current recession. However, during the 1979-80 year and since, the group has expanded its activities in a number of directions, particularly in the U.S.

This expansion is going hand in hand with the strengthening of existing activities.

A final dividend of 4.25p (4p) raises the total payment from 6.25p to 7p per share. Earnings increased from 9.88p to 13.65p.

Sales, brokerage and fee income totalled £686.06m for the year, against £437.49m. Trading profits jumped from £12.99m to £22.92m, before central costs of £938,000 (£709,000) and non-trading interest charges of £6.31m (£4.51m).

UK profits moved ahead from £8.79m to £11.69m, while both western Europe and North and Central America sharply increased contributions, from £1.7m to £5.47m and from £1.66m to £5.62m respectively. The African result, however, dropped to £305,000 (£797,000) and other territories incurred a combined loss of £171,000 (to £47,000 profits).

Tax charge for 1979-80 rose from £2.47m to £6.26m and minorities took £2.23m (£409,000). Including disclosed banking profits of £1.8m (£1.6m), after tax and transfer to contingencies, the available surplus emerged up from £6.49m to £8.96m.

The trading result was split between (with £000s omitted):—commodity broking and dealing £13,164 (£2,481); money broking £2,549 (£1,747); international projects and commodity processing £1,250 (£2,211); general merchanting £271 (£407); chemicals £309 (£1,071); insurance broking £979 (£795); aircraft broking and leasing £735 (£669); financial services, investments and property £949 (£1,282); listed associates £2,712 (£2,322).

● comment

Guinness Peat's trading profits from commodity broking and dealing jumped by more than five times to £13.2m—equivalent to 57½ per cent of total trading profits. But there has been little growth elsewhere. The contribution from chemicals is more than two-thirds lower, while a turnround into loss at Britannia Refining has reduced the contribution from general merchanting by a third. On the commodity broking side the group has benefited from the bull markets in sugar, rubber and silver in particular during the year, and it also seems to have been lucky in taking "positions." But, although the outcome was well above market expectations, with the quality of earnings suspect the share price closed unchanged yesterday at 147p, producing a yield of 7 per cent and a p/e of about 10, fully-taxed and including the bank's contribution.

Interim loss for George Spencer

ALTHOUGH TURNOVER of George Spencer, the "Vedonis" knitwear manufacturer, was virtually static at £6.13m, compared with £6.23m last time, the group incurred a pre-tax loss of £22,000 for the first half to June 28, 1980, against profits of £132,000 in the same period of 1979. Tax was down from £30,000 to £23,000.

Directors say the group's good start to the year was erased by a widespread downturn in demand in the second quarter. They expect trading conditions to improve for the remainder of 1980 although, they add, the present depression makes the eventual outcome unpredictable.

The interim dividend is held at 0.8p net per 25p share—last year a total dividend of 3.06p was paid from pre-tax profits of £329,049. Following the adoption of SSAP 15, the comparative figures for last year have been adjusted.

Milk side will hit Unigate

LOWER PROFITS from milk sales will reduce Unigate's total profitability this year, chairman Mr. John Clement told yesterday's annual meeting. This would follow the recent Government decision to allow a price rise of only ½p a pint, 1p less than the industry had asked for.

Mr. Clement said the milk food and transport group now had to prepare for more difficult times. "Some trimming of the family food budget may be inevitable," he added. "We believe that improvement in the national economy is unlikely within six months and may take as long as two years."

To stay competitive, he continued, "we must face the reality of reduced margins as retailers pare costs and consumers seek cheaper purchases."

In the last financial year to March 31, 1980, Unigate lifted pre-tax profits from £43.4m to £51.4m on turnover up from £1.13bn to £1.24bn. Over three-quarters of its trading profits of £54.6m came from milk and milk products.

OIL AND GAS NEWS

Kincora 22 shows gas flow

Hartogen Energy's Kincora No. 22 well drilled in Queensland's Surat Basin has produced commercial amounts of gas from four separate zones following a drill stem test.

Kincora 22 was drilled 460 km south-east of the Kincora 18 and tested the lower jurassic formation from which oil flowed at Kincora 18.

The well will be completed as a shut-in gas producer.

Gas flowed at a rate of 6.4m cubic feet per day (mmcfpd) from the interval between 4,805 to 4,870 feet, 1.2mmcfpd between 4,740 to 4,805 feet, 1.07mmcfpd from between 4,835 and 4,900 feet and 610,000 cubic feet between 4,895 and 4,950 feet.

Hartogen has a 100 per cent interest in the Kincora field subject to royalties of 10 per cent to the Queensland Government, 3.05 per cent to IOL and 1.60 per cent to E. B. Noble and Associates. Australian Oil and Gas Corporation has a 10 per cent net profit interest.

* * *

A drill stem test of the interval between 3,872 and 3,900 feet in the Curalle No. 1 exploration well drilled in the Yamma Yamma block of Queensland's Cooper Basin has recovered formation water with traces of hydrocarbons, according to Alliance Oil Development. Alliance has an 8 per cent interest in the well.

By paying 90 per cent of the cost of the well Western Mining will earn an 18 per cent interest in the Yamma Yamma block. Santos is paying the remaining 10 per cent of the drilling costs.

On completion of Curalle No. 1 other holdings in the block will be Santos, 38 per cent, Delhi Petroleum, 28.8 per cent, AOD, 8 per cent and Vamgas 7.2 per cent.

Petro - Canada, Canada's national oil company, has plugged and abandoned two offshore wells in the Labrador Sea, saying no hydrocarbons were found, reports Robert Gibbens from Montreal.

The wells are Petro-Canada Gilbert F-53 and Petro-Canada Roberval C-02. Petro-Canada was operator on behalf of the Labrador group, which consists of AGIP Canada, Aquitaine Canada, Gulf Canada and Suncor.

Deregulation Bill boosts rail industry prospects

BY IAN HARGREAVES IN NEW YORK

AMERICA'S large hut, in the past, frequently ailing railway companies can at last see the firm prospect of gaining enough freedom to put up their prices and end decades of inadequate profit margins, which have led in turn to poor track maintenance, closures and a spate of merger proposals.

An intensive lobbying effort hy the Carter Administration in the last three weeks has been enough to put a Railway Deregulation Bill back on the rails in Congress.

Congressmen from the House and the Senate will meet next week to discuss final details of a Bill, following tha passaga earlier this week of a Deregulation Bill through tha House.

Three weeks ago the Deregulation Bill was withdrawn from the House by its hackers because opponents had succeeded in mangling its clauses on pricing freedom.

Tha Bill, which will eventually emerge from discussions between the two Houses will probably allow railways to charge rates up to 160 per cent of the company's non-fixed costs in the first year of the new law, rising to 175 per cent in subsequent years, without need for government approval.
...NO 31...8/8¼...

President Carter, who has been a dedicated backer of deregulation in the airline, road haulage and railway industries, hailed the legislation as certain to improve services and "restore the industry's financial health."

Although many of the bigger railway companies had record profits last year, most of their earnings gains came from their non-rail activities, such as oil, coal and gas interests.

In recent years the industry's return on investment has heen a paltry 2 per cent and this is blamed for the poor state of much of the network's track and its lamentable safety record.

The Deregulation Laws will also create greater freedom for companies to abandon unprofitable lines and to speed up decisions on merger proposals.

But tha Interstata Commerce Commission (ICC), which oversees tha regulation of railways, warned in a policy statement this week that it would not look favourably upon merger proposals which involved large scale abandonment of service to customers.

The ICC has already approved a merger between Burlington Northern and the St. Louis-San Francisco Railway, but has still to make a decision upon proposals to link the Chessie system with the Seaboard Coastline, Norfolk and Western with the Southern Railway, Santa Fe Industries with Southern Pacific and Union Pacific with Western Pacific and Missouri Pacific.

Campeau seeks shares inquiry

BY OUR FINANCIAL STAFF

CAMPEAU the Toronto-based property company, has asked the Canadian regulatory authorities to investigate reports that unidentified allies of Royal Trustco's management bad purchased Royal Trustco stock to assist in resisting Campeau's $360m takeover bid for Trustco.

Campeau said that over 7m shares have been traded, representing about 35 per cent of the common shares of Trustco. It added that a substantial part of this trading consists of large blocks "so that obviously some very large shareholders have sold out."

Campeau commented that, once it had made its bid, it was severely limited by the takeover rules on the number of Trustco shares it could purchase in the market. The company said everyone should be governed by the same rules.

Campeau has urged the authorities to take action so that all Royal Trustco shareholders will have an equal opportunity to decide for themselves whether to accept the offer.

Meanwhile, the Bank of Nova Scotia said in a separate statement that it had been informed that the U.S. Federal Reserve Board does not intend to take action at this time against the bank over its role in financing Campeau's bid for Royal Trustco.

The Bank of Nova Scotia noted that on September 4 it received a telegram from the General Counsel of the Federal Reserve Board in which it was stated that the financing might constitute a violation of certain U.S. legislation.

On Wednesday, the bank was advised that in light of developments subsequent to that telegram, the legal division of the Federal Reserve "does not at this time intend to recommend to the board that it take any action as to the Bank of Nova Scotia with respect to the matters raised in that telegram."

Campbell Soup makes headway

BY TERRY BYLAND

A FURTHER gain in sales in the final quarter of the current year is reported by Campbell Soup, the largest producer in the U.S. of canned soups and also a major force in markets for other convenience foods. Earnings for the full year have risen from $119.8m to $134.6m, but the board points out that all totals for 1979 are on a pro rata basis because of the change to Lifo accounting for all domestic stocks.

Sales for tha 1980 fiscal year were $2.56bn against $2.25bn, while share earnings of $4.08 a share compare with $3.59. The share earnings just exceed forecasts on Wall Street, which expects a further "moderate advance" this year.

The final quarter's trading at the New Jersey-based food producer brought a 19 per cent gain in earnings to $30.9m or 94 cents a share, on sales 15 per cent ahead at $619.9m. At the end of the first nine months, the group was showing a gain of 14 per cent with earnings at $3.14 a share.

Belgian bank to withhold dividend

By Larry Klinger in Brussels

THE DEPTH of the financial pressures encountered this year at Banque Bruxelles Lambert, Belgium's second largest bank, emerged yesterday when the bank's executive council announced a series of cost cutting measures that will mean substantial pay cuts for all staff and could result in a year long freeze on additional spending. The company will also recommend that no dividend be paid for the current year.

The situation in the world's money markets is cited as the reason for the bank's current difficulties. The executive council said yesterday that "since the end of last year, a number of factors due to conditions prevailing on the international money markets and to those affecting the Belgian economic and financial situation have increased costs of deposits more rapidly than the return obtained in Belgium from the bank's assets. "The margin between Belgian franc deposit and lending rates has thus been influenced during the greater part of the bank's fiscal year. This will result in a marked reduction in the bank's profits for this particular period."

The bank would not say how big the expected drop in profits for the current year, which ends on September 30, would be. Last year the bank recorded net profits of BFr 705m ($24.7m) and paid a dividend of BFr 80 a share. If the shareholders agree to the recommendation that no dividend be paid it will be only the second year in recent history that there has been no dividend. In 1975 extraordinary foreign exchange losses led to the passing of dividend payments.

Bank personnel have agreed to an across the board reduction in salary of 5 per cent

GERMAN CAR SALES FALL

Opel loss 'entirely possible'

BY KEVIN DONE IN FRANKFURT

OPEL, the West German subsidiary of Ganeral Motors of the U.S. and one of the largest volume car manufacturers in the Federal Republic, expects its car sales to drop by more than 14 per cent this year.

Mr. Jim Waters, recently appointed vice-president of General Motors overseas operations and formerly the Opel chairman, alao warned that the group could well make a loss this year. "It is entirely possible," he said. The group's sales are expected to slump by as much as 15 per cent to around DM 9.2bn ($5.17bn). Nevertheless the company is pressing ahead with its planned investment and will be spending DM 1.5bn this year.

Last year Opel's turnover was DM 10.9bn and after-tax profits DM 213m, but it is not paying any dividend to its U.S. parent.

The publication of the annual report for last year bad been delayed for several weeks because of the dividend question.

The growing squeeze on Opel's finances also makes it likely that later this year it will have to borrow partly in Germany and partly from General Motors, for the first time to help fund its ambitious DM 6bn investment programme. Until now Opel's capital expenditura has been met by its own resources.

The sharpness with which tha German car market has moved into decline has taken the industry by surprise, but Opel said yesterday that the hottom of the recession could have been reached.

Until now it has been forecasting a fall in general new car registrations in West Germany of around 12 per cent for 1980. Demand in July was stronger than expected, however, and sales in August were also better than forecast, said the company.

As a result Opel believes that new car registrations in West Germany could now total around 2.4m in 1980, a drop of between 8 and 8.5 per cent compared with 1979. "The overall market still does not look good," said Mr. John Grettenberger, Opel's European sales director, "and there is no substantial change. But the future does look more optimistic."

Opel is in the middle of a 4-year DM 6bn investment programme concentrated on its new Kadett model and a range of 1.3 litre engines as well as on the modernisation and expansion of component and production facilities.

It has been especially hard hit in the falling German car market by the decline in demand for larger models of 2 litres capacity and above, in which it has a strong presence with models such as the Rekord, Monza, Senator and Commodore.

In the first eight months of the year sales of the Commodore have fallen by 65 per cent, sales of the Monza by 63 per cent and sales of the Senator by 55 per cent. Sales of the Rekord have also plunged by 34 per cent.

The one major bright spot for Opel has been the performance of its new small car the Kadett, sales of which are up to 262,608 in the first eight months compared with 178,950 in the corresponding period of last year, a rise of 46 per cent.

As a result of the steep drop in demand for its larger cars Opel is in the process of shedding nearly 5,900 jobs at its major Russelsheim plant near Frankfurt. The cost of the voluntary redundancy and early retirement programme is likely to be around DM 90m and will bring the size of the workforce down to about 60,000 by the end of the year.

Growth maintained at Preussag

BY OUR BONN STAFF

PREUSSAG, THE diversified German transport, energy and metals group, managed to maintain profit growth in the second quarter of this year despite slackening prices in the metals division.

The company's first-half report announced higher but unspecified profits with external sales for the group reaching DM 1.8bn ($1bn) compared to DM 1.4bn in the first six months of last year. The metals division continued to be the main reason for the higher turnover, accounting for DM 705.9m of the sales compared to DM 506.5m.

This reflects increased trading but it is also the result of higher metal prices that boosted results in the first quarter. In the second quarter, however, the prices of silver, lead, zinc, copper and cadmum—all important metals for Preussag—started to slacken significantly. Demand also fell from the troubled steel manufacturing industries.

Amalgamated Metal Trading recorded good profits (again unspecified) in the second quarter as did other overseas metal trading subsidiaries. In general, the energy and transport divisions, whose fortunes depend heavily on the energy situation, have had a profitable first half. Although falling consumption of oil hit the various energy-carrying services offered by Preussag, demand remained strong in most areas.

The transport division saw hturnover rise to DM185.9m in the first half compared to DM171.5m in the same period last year. The oil and petrochemicals division recorded an increase to DM299.2m against DM233.8m but coal production slackened in the second quarter.

Despite signs of cooling off in the construction sector, the building division saw a sharp increase in sales turnover to DM 210.7m from DM 175.9m.

Preussag has only recently managed to return to high profitability after three difficult years and last year's dividend payment (DM7 per DM100 share) was the first since 1976 when Group profit was DM52.1m up from a modest DM27.2m in 1978.

Two moves by Preussag this month illustrate the company's new confidence and the problems it faces in parts of the metals division.

Ciba-Geigy takeover

By Our Financial Staff

THE SWISS chemical and pharmaceutical group, Ciba-Geigy, has taken over Mettler-Unternehmungen, a Swiss company specialising in electronic precision balances. This is Ciba-Geigy's most important move in its effort to diversify and expand in the electronics field.

Mettler had group sales of about SwFr 240m ($147.23m) in 1979. Ciba already wholly owns a Swiss-U.S. electronics group, Gretag-CX which has 1979 sales of SwFr 131m.

The chemical group recently reported that its earnings for the first half of 1980 were not satisfactory and weak profit margins continued to act as a brake. In 1979, net profits dipped to SwFr 327m from SwFr 360m

Eurocredit for Hellenic Telecommunications

BY PETER MONTAGNON

A LONG-AWAITED mandate has been awarded by Hellenic Telecommunications to a group of international banks to arrange a $100m, eight-year Eurocredit with a margin of ¾ per cent for the first six years rising to ⅞ per cent thereafter.

The banks involved are Midland, which will act as agent, S. G. Warburg, Sanwa Bank, Svenska Handelsbanken, Toronto Dominion and Union Bank of Switzerland.

The mandate was obtained in the face of strong competition from other banks and it is thus somewhat surprising at first sight that the credit carries margins slightly stiffer than those on a credit arranged for Greece's Public Power Corporation earlier this summer.

This $105m financing was also for eight years and had a spread of ¾ per cent above London interbank rates throughout. Both the credits have five-year grace periods.

Fees for the Hellenic Telecommunications deal have not been disclosed, however, and it is understood that they may be structured in such a way as to bring the overall yield on the two deals closer together.

This is the first time that Hellenic Telecommunications has raised a credit on the Euromarkets, a factor which may also have led banks to offer the slight margins premium over the Public Power issue.

Even so, the borrower has still managed to achieve margins more favourable than the highly successful $550m, eight-year credit for the Central Bank of Greece which was launched in April. That credit, initially projected at only $300m, bore a margin of ⅞ per cent throughout.

Quiet day for bonds

BY FRANCIS GHILES

INTERNATIONAL bond markets were exceptionally quiet yesterday. The Jewish New Year and a local holiday in Geneva combined to reduce trading activity, already low this week, to a mere trickle.

In the sterling sector, the issue for Finance for Industry was increased by £5m to £20m and priced at par to yield 13¾ per cent by the lead manager, S. G. Warburg. Prices of seasoned sterling issues were ⅛ to a ¼ easier yesterday.

In the dollar sector, the $15m convertible for Digicon was increased to $18m by lead manager Schroder Wagg and priced at par to yield 8.50 per cent. This success underlines the strong demand there is for convertible issues for medium sized technology and oil-related U.S. companies.

Citicorp, meanwhile, launched a $25m floating rate note issue for Banco de Santiago. This 5½-year issue includes an interest rate set at ¼ per cent above the interbank rate with a minimum of 6¼ per cent. The borrower will be able to redeem the notes at par on each interest date payment from September 1983.

Seasoned straight dollar bond prices gained ⅛ of a point yesterday.

The new 12¾ Kingdom of Sweden bond to 1985 was quoted at 99¼-99⅜ yesterday, a shade below its issue price of 99⅜.

In the Swiss franc market, where seasoned issues eased by ⅛ point, Handelsbank is arranging a SwFr 80m ten-year public issue for the City of Oslo. The borrower is paying a coupon of 5⅞ per cent for the notes which will be priced at par.

In the DM sectors, German dealers felt the market might be consolidating at current levels, with yield offered on prime names around 8⅛-8¼ per cent. The World Bank, meanwhile, is believed to be arranging a DM 100m Schuldschein note issue through Dresdner Bank.

KHD to close Argentine plant

BUENOS AIRES—Klöckner-Humboldt-Deutz, the West German engineering group, is to close its Argentine tractor assembly plant by the end of the year. Directors of the KHD subsidiary made the decision known at a meeting with officials of the Labour Ministry and the Automobile Workers Union at the plant in suburban Haedo.

Deutz Argentina, the KHD offshoot, is one of four manufacturers (the others are Deere and So., Fiat and Massey-Ferguson) in an industry increasingly depressed by lagging farm income

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on September 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	90	85¾	86¼	+0¼	+0½	13.37
CECA 11½ 88	100	95⅜	95⅞	+0⅛	+1	12.38
Citicorp O/S Fin. 10 86	300	91¼	91¾	+0⅛	+0¼	12.10
Con. Illinois O/S 9¾ 86	150	89¼	89¾	+0¼	+0¼	12.37
Denmark 11¼ 90	100	93½	94	+0⅛	0	12.89
Dome Petroleum 13½ 92	50	101¾	102¼	+0¼	+0⅜	13.14
EEC 11 95	75	88	88½	0	−0⅛	12.79
EEC 11 95	70	88¼	88¾	+0⅛	−0½	12.75
EIB 11¼ 92	80	91⅛	91½	−0¼	−1½	13.23
EIB 13¾ 90	100	103¼	103¾	0	−0⅛	13.06
Eksportfinans 11⅛ 87	50	96¼	96¾	+0⅛	0	12.18
Eksportfinans 9½ 87	75	86⅞	87⅜	+0¼	+0⅜	12.38
Elec. de France 10 88	125	88¾	89¼	+0⅛	−0⅛	12.25
Export Dv. Cpn. 12¼ 87	100	101⅝	102⅛	+0⅛	−0⅛	12.26
Export Dv. Cpn. 9½ 86	190	90½	91	+0⅛	+0⅛	11.91
Federal Dev. Bk. 12¼ 85	75	100⅜	100⅞	−0⅛	−0⅛	12.02
Fin. Exp. Credit 10½ 85	50	93⅛	93⅝	+0⅛	+0¼	12.38
Finland Rep. of 9½ 86	100	87¾	88⅛	−0⅛	+0⅛	12.61
Ford O/S Fin. 12⅜ 85	250	97⅝	98⅛	−0⅛	−0⅛	13.14
George Weston 13½ 87	30	100	100½	0	−1	13.40
GMAC O/S Fin. 11 84	100	96⅛	96⅝	−0⅛	−0⅛	12.06
GMAC O/S Fin. 13⅜ 85	100	102⅞	103⅜	0	+0⅛	12.39
Goodyear O/S 12½ 87	75	98⅛	98⅝	+0⅛	−0⅛	13.84
Hudson's Bay 11½ 90	75	93⅜	93⅞	+0⅛	+1½	12.65
IBM Canada 10½ 86	50	96⅛	98⅛	0	−0⅛	11.64
ICI Fin. Ned. 11 83	100	98	98½	+0⅛	0	11.73
Int. Harvester 12⅜ 85	115	98⅞	99⅜	0	0	12.98
McGraw 13½ 86	75	100¼	100¾	0	−0½	13.29
NatWest Ind. 13⅜ 87	90	100⅛	100⅝	+0⅛	+0⅛	13.43
Nova Scotia 10⅜ 90	50	91⅞	92⅜	0	−0⅛	12.17
OKB 10 85	50	93⅜	93⅞	+0¼	−0⅛	11.78
Pembroke Capital 9⅝ 87	100	†88	88½	−0¼	−0½	12.24
Pemex 11½ 88	100	93	93½	+0⅛	+0⅛	12.90
Quebec Hydro 11½ 92	100	92	92½	+0⅛	+0⅛	12.79
Repsol O/S 11½ 85	100	98⅛	98⅝	0	−0⅛	14.02
Raylease Ltd. 11⅛ 85	80	96⅞	97⅜	+0¼	+0¼	12.05
SNCF 12⅛ 85	50	100⅞	101⅜	+0¼	+0⅛	12.00
Swed. Ex. Cred. 12½ 85	40	†100⅞	101⅜	−0⅛	+0⅛	12.12
UA Finance BV 11 90	50	88½	89	−0⅛	−0½	13.08
Unilever NV 9¾ 90	100	85⅞	86⅜	+0⅛	+0⅛	12.24
World Bank 9¾ 85	200	91⅞	92⅜	+0⅛	+0⅛	11.99
World Bank 10¼ 87	300	91⅞	92⅜	0	+0¼	12.05
Average price changes... On day +0⅛ on week 0						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	101	102	−0⅛	−0⅛	8.75
Australia 8⅛ 90	250	100⅜	100⅞	−0¼	−0⅛	8.04
BFCE 7⅜ 87	100	97⅜	98	−0⅛	−0⅛	8.23
BFCE 8⅛ 95	100	98⅛	98⅝	−0⅛	−0⅛	8.28
Brazil 8 87	150	88¾	89½	−0⅛	+1⅛	10.27
Council of Eur. 7⅛ 88	100	93⅞	94⅜	0	−0⅛	8.24
Denmark 7⅞ 86	100	98⅜	98⅞	0	−0⅛	8.21
Denmark 8¼ 92	100	99⅜	99⅞	0	0	8.31
EEC 7⅞ 94	225	96½	97⅛	0	−0⅛	8.25
Finland Rep. of 8 88	150	98½	98⅞	−0⅛	−0⅛	8.22
Iberduero SA 9 90	100	99⅞	100⅜	+0¼	−0⅛	9.03
Kobe, City of 7⅛ 89	150	94⅞	95⅜	−0⅛	+0⅛	7.96
Kobe, City of 8 90	100	100	100½	+0⅛	+0⅛	7.96
Mt. Bk. Denmark 8½ 90	150	99	99½	0	−0¼	8.59
Norway 7½ 86	250	99⅝	100⅛	+0⅛	+0⅛	7.55
OKB 7½ 89	100	94½	95⅛	−0⅛	0	8.18
OKB 8¼ 92	190	99⅜	99⅞	0	−0⅛	8.31
Oslo, City of 8¾ 90	90	102⅜	102⅞	−0¼	0	8.32
Sweden 9¾ 87	200	106⅞	107⅜	+0⅛	+0¼	8.30
World Bank 8 90	700	98⅜	98⅞	0	−0⅞	8.22
World Bank 7⅞ 90	250	96⅞	97⅜	0	−0½	8.30
World Bank 10 86	150	106½	107¼	−0⅛	0	8.40
World Bank 10 90	200	109⅝	110⅛	−0⅛	−0⅛	8.47
Average price changes... On day 0 on week −0¼						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅛ 90	100	97⅞	98⅜	+0⅛	−0⅛	5.84
Bergen, City of 4⅝ 91	40	92	92½	−0⅛	−1⅛	5.74
Bergen, City of 6 90	50	102⅛	102⅝	−0⅛	−0½	5.69
BMW Overseas 4⅛ 91	100	90½	90⅞	+0¼	−1⅞	5.39
Bohrm'n-Tetterode 7 90	40	104⅝	104⅞	0	+0⅛	5.32
Caissa Nat. Tele. 4⅝ 89	100	93⅛	93½	+0⅛	−0½	5.32
Copenhagen 4½ 91	60	86¼	86½	−0⅛	−0½	6.24
Council of Eur. 5 89	100	†94½	95	−0⅛	−0⅛	5.75
Denmark 5⅜ 90	80	99⅜	99⅞	+0¼	−0⅛	5.78
EIB 4⅝ 84	100	84⅛	84⅝	+0⅞	−0⅛	6.05
Elet. de France 4⅝ 89	100	93⅛	93⅝	0	−0⅛	5.31
F. G. H. Hypo. Bk. 5 90	90	†102⅜	103⅛	0	−0¼	5.59
Finland Rep. of 5⅝ 90	80	94⅛	94⅝	−0⅛	−0⅞	6.42
GZB 4⅞ 89	100	86	86¼	−0¼	−2⅜	6.29
Hilti 4½ 91	35	91⅞	92⅜	−0⅛	+0⅛	5.21
Int.-Amer. Dev. 4½ 89	100	90⅞	91⅜	−0¼	−0⅛	5.80
Int.-Amer. Dev. 7 90	90	105½	106⅛	−0¼	0	5.20
Jutland Tele. 5½ 90	90	97⅛	98	+0⅛	−1¼	5.79
Malaysia 5 89	90	†88	88½	−0⅛	−1½	5.77
Nawea 5⅜ 90	90	101⅛	101½	−0⅛	−0½	5.56
Nippon Tel. & T. 4⅝ 89	100	92⅜	93	+0⅛	−0⅛	5.26
Norges Komm. 4⅜ 91	100	88⅜	88⅝	−0⅛	−0⅞	5.84
OKB 4⅛ 91	100	88⅞	89½	+0⅛	−0⅛	5.74
OKB 5 90	100	103⅛	103⅝	+0⅛	+0⅛	5.51
Oslo, City of 4⅛ 91	100	87⅛	87⅝	−0⅛	−0½	5.94
Philips Lamps 5⅛ 92	100	98⅜	98⅞	0	−0⅞	5.39
Sekisui Pre. Hms. 5 90	80	103¼	103½	+0¼	0	5.54
Shikoku El. Pwr. 4⅝ 89	100	93⅞	94⅜	−0¼	−0⅛	5.62
World Bank 4⅜ 89	150	88⅛	89	0	−1⅛	6.00
World Bank 4⅜ 91	100	89	89⅛	−0¼	−0⅞	5.98
Average price changes... On day −0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	91½	92½	+0⅛	+0⅛	8.65
Australia 8⅛ 88	20	88	98	0	0	8.64
EIB 7⅛ 89	12	96⅝	97⅛	−0⅛	+0⅛	8.21
Finland 5.6 83	10	91	92	0	0	8.81
Finland 5.8 88	10	87⅜	88⅜	−0⅛	0	8.02
Finland Rep. of 8⅛ 87	15	†97	98½	+0⅛	+0⅛	8.82
Average price changes... On day 0 on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	92⅞	93⅜	−0¼	+0⅛	12.46
CIBC 13½ 85 C$	50	100⅛	100⅝	−0¼	−0⅛	13.29
CIBC 11½ 85 C$	60	95½	96	−0⅛	0	12.70
Federal Dev. 11½ 90 C$	60	89⅝	90⅛	−0⅛	−0⅛	13.39
Fst. Can. Inv. 10 84 C$	50	†91	91⅛	−0½	−0⅛	13.10
GMAC 12 85 C$	50	†96½	97	−0¼	−1½	12.82
R. Bk. Canada 10 86 C$	40	91⅛	92⅛	0	+0⅛	12.02
Tordam Cpn. 13½ 85 C$	30	100	100½	−0¼	−0⅛	13.37
M. Bk. Dnmk. 9 91 EUA	25	94	95⅛	0	0	9.80
SOFTE 8¾ 89 EUA	40	88¾	89⅛	0	+0⅛	10.17
U. Bk. Nrwy. 9½ 90 EUA	18	99⅛	100½	0	+0⅛	9.60
Algemene Bk. 8¾ 84 Fl	75	96⅞	96⅝	0	+0⅛	9.37
Algemene Bk. 10⅛ 87 Fl	400	99⅝	100⅛	+0¼	−0⅛	10.24
Bk. Mees & H. 10 85 Fl	75	100⅝	101	0	+0⅛	9.79
Heineken NV 10 87 Fl	75	99⅝	100⅛	−0⅛	−0⅞	10.01
Norway 8¾ 84 Fl	100	96⅜	96⅞	+0½	+0⅛	9.28
Philips Lamps 8⅜ 84 Fl	75	96⅞	96⅝	+0⅛	+0⅛	9.54
Aero Paris 13½ 87 FFr	190	99⅝	100½	−0⅛	0	13.08
Air France 11 84 FFr	120	96⅛	97⅛	0	0	12.11
CECA 14⅛ 86 FFr	190	105⅝	106	−0⅛	−0⅛	12.72
Finland 11 84 FFr	80	93⅜	94⅜	0	−0⅛	13.00
Finland 11½ 89 FFr	70	92⅞	93⅞	0	−0⅛	12.78
Gaz de France 11 84 FFr	150	96⅛	98⅛	0	−0⅛	12.35
IAM France 11⅞ 84 FFr	120	95⅛	96⅛	0	−0⅛	13.18
Renault 9⅜ 85 FFr	100	88	98	−0⅛	−0⅛	13.09
Solvay et Cie 9¾ 87 FFr	125	84⅛	85⅛	0	−0⅛	13.23
Utd. Mex Sts. 14 85 FFr	150	100½	101½	0	+0⅛	13.66
Beneficial Fin. 14⅛ 50 £	20	99⅛	100	−0⅛	+0⅞	14.28
Citicorp O/S 13½ 50 £	50	98⅜	98⅞	−0¼	−0⅛	13.78
EIB 11½ 91 £	25	89⅞	90⅛	0	+1⅛	13.23
Fin. for Ind. 12½ 89 £	30	96⅜	96	−0⅛	−0⅛	13.35
Fin. for Ind. 14½ 89 £	20	101⅛	102⅛	0	+0⅛	14.00
Gen. Elec. Co. 12½ 89 £	50	96⅛	96⅝	−0¼	+0½	13.19
Peugeot SA 14 90 £	23	99	99⅝	−0⅛	+0½	14.10
Rothschild 14⅛ 90 £	12	99½	100⅛	+0⅛	+0⅛	14.26
Swed. Ex. Cr. 13⅝ 85 £	20	103⅞	103⅞	+0⅛	+0⅛	14.09
Banabras 8⅛ 90 KD	7	†93	93½	0	0	9.33
CCCE 8½ 91 KD	10	†94	94½	0	0	8.98
Sonatrach 8½ 90 KD	12	†92	92½	0	0	9.77
Akzo 9⅛ 87 LuxFr	500	93	94	0	−1⅛	10.58
Euratom 8 87 LuxFr	500	87⅞	88⅞	0	−0½	10.53
Euratom 9⅜ 98 LuxFr	500	97	98	0	−1½	10.22
EIB 9⅜ 88 LuxFr	600	97⅞	98⅞	0	−0½	10.05
Volvo 9⅜ 87 LuxFr	500	96⅛	97⅛	0	−0⅛	10.42

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn.	C.yld
Allied Irish Bk. 5⅛ 87	0⅛	98	98½	2/1	10.44	10.62
Bank of Ireland 5⅛ 89	‡0⅛	97⅞	98⅜	21/11	11⅛	11.59
Bank of Tokyo 5⅛ 88	‡0⅛	97	97½	25/10	9¼	9.51
Barclays O/S Inv. 5 90	0⅛	97⅛	98	13/12	9⅞	9.65
Bergen Bk. A/S 5 89	‡0⅛	97½	98	29/11	12⅛	12.53
Bilbao Int. NV 5⅜ 90	0⅛	96⅜	97½	29/11	10.06	10.36
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/11	11.44	11.51
Citicorp O/S F. 84	‡0	98⅜	99⅛	30/9	11.94	12.07
C. Itoh 5⅛ 87	0⅛	99¼	99¾	18/9	15.44	15.54
Co-operative Bk. 8 88	0⅛	98⅜	98⅞	15/11	11.44	11.63
Creditanstalt 5½ 91	§‡0⅛	97⅞	98⅜	14/9	9.44	9.62
CNT 5⅛ 86	§0⅛	100	100½	16/10	18⅛	18.08
GZB 5½ 89	‡0⅛	98⅜	98⅞	1/11	8.81	8.96
Jugobanka 8 88	0⅞	†91½	93½	23/11	11⅝	12.57
Ind. Bank Japan 5⅛ 87	0⅛	99½	100	15/10	18⅛	18.80
Lloyds Eurofin 8 90 £	0⅛	96⅝	97⅛	3/1	15⅝	16.26
LTCB Japan 5⅛ 88	0⅛	98⅜	98⅞	13/12	9⅝	9.76
LTCB Japan 5½ 88	0⅛	97⅞	98⅜	7/12	10⅛	10.32
Mfrs. Han. O/S 5⅛ 94	‡0⅛	97⅝	98⅛	30/11	12⅛	12.39
Midland Intl. Fin. 5 89	0⅛	97⅞	98⅛	20/12	9½	9.69
Midland Intl. Fin. 5⅛ 92	0⅛	97⅞	98⅜	5/12	10⅞	11.11
Nacional Fin. 6⅛ 88	0⅛	97⅞	98⅜	25/1	9.69	9.90
Nat West 5⅛ 94	§0⅛	99	99½	11/10	18⅝	18.77
Nippon Credit 8⅛ 86	0⅛	97⅛	97⅝	12/1	9.56	9.80
Nippon Credit 5⅛ 87	‡0⅛	98⅛	98⅝	8/11	10⅝	11.04
Royal Bk. Scot. 5⅛ 94	§‡0⅛	98⅝	99⅛	11/10	9.31	9.42
Soc. C. de Bque. 5½ 87	0⅛	98¼	99¼	8/10	20.06	20.27
Standard Chart. 5⅛ 90	0⅛	99⅛	100	8/9	17⅛	17.29
Svenska Hndlsbk. 5 87	0⅛	98	98½	15/1	10	10.18
Sweden 5⅛ 91	‡0⅛	96⅜	96⅞	18/10	9.56	9.90
Williams & Glyn 5⅛ 91	0⅛	98⅝	99⅛	14/9	18⅝	18.71
Bq. S. d'Alg. 4⅝ 88 SF	0⅛	†89	90	18/12	6⅛	6.84
Average price changes... On day 0 on week +0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 88	10/79	145	†118	120	−1	−4.74
Ajinomoto 7¼ 95	2/80	815.5	122⅝	123⅛	+0⅛	−0.83
Alco Inz. Fin. 9½ 94	1/80	48	93⅝	94⅞	+0⅛	12.38
Apache I. Fin. 8⅝ 95	12/80	21.12	127⅛	129	+3⅛	−4.44
Blocker Energy 8⅛ 95	1/81	21.87	98¼	99⅝	+0⅛	−6.62
Canon 6⅛ 94	8/79	570	114⅛	115⅝	−0⅛	−1.00
Credit Suisse 4⅝ 93	10/79	1278	113½	116	−0¼	−2.21
Oslef Inc. 6½ 94	11/79	927.3	97½	98½	+0⅛	22.46
OOKK 11 90	4/80	324	104⅛	105⅛	+0⅛	16.51
Dynalectron 9½ 98	8/80	12.22	113	115	0	−3.12
Ensearch Fin. 9½ 94	7/80	30.25	131	132	+0¼	−2.67
INA Overseas 8⅛ 2000	4/81	42	97⅛	98⅛	+0⅛	4.13
Inchcape Ltd. 5 95	2/81	4.55	107⅛	108⅛	+0⅛	−0.80
Meidensha Elec. 7 94	12/79	210	104½	106	+0⅞	0.72
MEPC 8⅛ 96	2/81	2.47	110½	111⅛	−0⅛	8.50
Mitsubishi Cp. 6½ 94	10/79	549.1	130⅞	132⅛	−0½	1.08
Ricoh 6⅛ 95	8/80	604	102	103	+0⅛	5.26
SBC 6⅛ 90	5/80	200	98⅞	100⅛	+0⅛	3.14
Toshiba Cpn. 7⅛ 94	10/79	198	108⅛	109⅛	+2	0.77
Union Bk. Switz. 5 88	2/80	121.4	98½	100⅛	−0¼	1.57
Fujitsu 5 84 DM	7/79	475	110½	110⅞	0	3.94
Sharp Corp. 8⅛ 95 DM	5/80	698	107⅛	108	+0⅛	4.27
Uny Co. 6½ 85 DM	11/79	1071	96⅝	97⅛	−1½	22.36

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

● NEWS ANALYSIS—GERMAN TOBACCO INDUSTRY

Hoping to play it cool

BY ROGER BOYES IN BONN

TCHIBO, THE German coffee concern, has chosen a particularly difficult time to diversify into the tobacco industry through its purchase this week of a dominant stake in Reemtsma, the leading German cigeratte and drinks group.

The move admittedly fits in well with the Tchibo's careful strategy of broadaning into other consumer goods sectors. In 1974 Tchibo (turnover last year DM 1.4bn — $786m — net profit DM 70m) bought a share in Beiersdorf (skin creams, sticking plaster) and has done well out of the investment.

The acquisition of the Reemtsma stake, however, could present problems. Under the terms of the purchase agreement, Tchibo and Frau Ingeburg Herz, whose family has a controlling interest in Tchibo, have taken over the 53 per cent shares held by the widow and the son of Herr Philipp Fuerchtegott Reemtsma, who was the main driving force behind the group's expansion. The cost of the acquisition is now estimated at between DM 400m and DM 500m.

Reemtsma has a 31 per cent share of the German tobacco market and is thus the market leader, ahead of BAT with a 28 per cent share and Brinkmann, the Rothmans International subsidiary, with 17.5 per cent. Before cigarette tax is taken into account, Reemtsmo had external sales of DM 6.4bn. After tax, turnover is closer to DM 3bn—still a hefty sum. Holding company net profits reached DM 92m after tax last year.

On the face of it then, a healthy purchase, allowing Tchibo to lessen its dependency on fluctuating coffee prices and allowing Herr Jan Phillip Reemtsma, the 29-year-old son and heir, and since January supervisory board chairman, to move out of the tobacco industry into faster growing industries.

The problem, however, is that Reemtsma, more than other German tobacco companies, is under sharp pressure from the U.S. manufacturers. Indeed, earlier this year there was considerable merket speculation that Reemtsma, its margins under extreme pressure, was having talks with the U.S. manufacturer, Philip Morris, which had a 13 per cent share of the German market in the first half of 1980, compared with 11 per cent last year. The Tchibo purchase seems to have scorched any prospect of Philip Morris buying into the German group.

MARKET SHARE
(Top seven brands)

	First half 1980 %	1979 %
HB (BAT)	18.8	19.2
Marlboro (Philip) Morris	12.9	11.0
Lord Extra (Brinkmann)	10.4	10.7
Stuyvesant (Reemtsma)	7.1	7.4
Ernte 23 (Reemtsma)	7.1	7.4
Camel (Reynolds)	6.2	5.5
Reval (Reemtsma)	5.3	5.7

The fact is that of the 10 main brands, accounting for 80 per cent of the market, only two have shown any growth, and this at the expense of the market share of the other eight. Both of the successful brands have been from the U.S.—Marlboro (Philip Morris) and Camel (Reynolds). The table shows why the German tobacco companies are so concerned.

Reemtsma found that its two key brands, Stuyvesant and Ernte, lost 4.9 per cent and 3.6 of their sales respectively between January and July this year. It is assumed that Camel benefited from most of the lost sales. BAT is also finding that its HB brand has increasingly lost ground to Marlboro in the first half.

It is believed that this partly reflects a trend towards stronger cigarettes and that the U.S. brands have benefited from the fact that there is no legal requirement in Germany to carry a government health warning on advertisements.

The German manufacturers believe, or rather hope, that the long-term trend will be to milder filter cigarettes in which they excel. But there is little concrete evidence for this, and it is not at all clear what the German tobacco industry can do to stop the American advance—the launch and production costs of a new strong German brand are believed to be prohibitive.

Reemtsma may find that it makes sense to diversify further into the brewery business which now accounts for a substantial part of its turnover. But one thing seems certain: Tchibo and Frau Herz do not want to see any radical change in Reemtsma's strategy. About 30 per cent of the remaining shares are in the hands of other members of the Reemtsma family and they too seem content to play a waiting game. Waiting, that is, for the German smoker to see the light and move away from the strong U.S. brands back to the Reemtsma fold.

Ennia confident after sharp earnings rise

BY CHARLES BATCHELOR IN AMSTERDAM

PROFITS AND TURNOVER of Ennia, the Dutch Insurance group, rose strongly in tha first half of 1980 and are expected to continue to improve in the present half. The company will raise the interim dividend payment to Fl 4 per Fl 20 nominal share from Fl 3.50 last time.

After-tax profit rose 28 per cent to Fl 37.4m ($19m) in the first half, largely owing to an improvement in non-life business and after payment of an unchanged Fl 5m into the "catastrophe reserve." Gross receipts increased by 14 per cent to Fl 1.33bn ($690m) while costs were only 9 per cent higher. Profit per share rose to Fl 11.84 from Fl 11.58 in the 1979 first half despite the 25 per cent increase in the number of shares on issue.

Earnings per share are expected to increase at an even faster rate in the second half since the rate of increase in new issued shares will slow down.

Net profit on life insurance business rose 19 per cent to Fl 32.8m on receipts which were 13 per cent higher at Fl 743m. Non-life profits more than doubled to Fl 8.2m on receipts which were 15 per cent higher at Fl 468m. Non-insurence profit fell, however, to Fl 1.4m from Fl 3.3m on receipts of Fl 115m.

● A sharp rise in duty on Dutch spirits led to a 30 per cent fall in domestic volume sales by the Dutch distilling and drinks group, Lucas Bols, in the first half of 1980. Operating profit fell 18 per cent to Fls 24.6m ($13m) while after-tax profit was 7 per cent lower at Fls 17.2m. The company suffered a loss in the Netherlands but expects that an improvement in the second half will lead to a "good result" for the whole year.

● KNSM, Holland's second largest shipping group, suffered a loss of over Fls 10m ($5.17m) in the first half of 1980, compared with a small profit in the same 1979 period. It did not report detailed first-half results.

The group added that it expected the full 1980 year to show a loss, despite a second-half improvement, owing to a significant rise in interest payments. In 1979 KNSM made a Fls 3.3m net profit.

Jacobs sees downturn after record year

BY OUR FINANCIAL STAFF

JACOBS, the Swiss coffee concern, boosted consolidated net profits by 55.4 per cent in 1979 but expects earnings for the current year to turn lower.

For 1979 net profits came out at SwFr 57.9m ($35.5m) compared with SwFr 37.2m previously on sales up from SwFr 2.08bn to SwFr 2.3bn. The company said that a 16.7 per cent rise in volume and a 4 per cent gain after currency translation were partially offset by an 8.3 per cent drop in prices.

For the first half of the current year coffee sales were higher, but because demand was not continuing to grow at the same pace as in 1979 and falling prices were putting pressure on margins, the year's results would be below the record level of 1979.

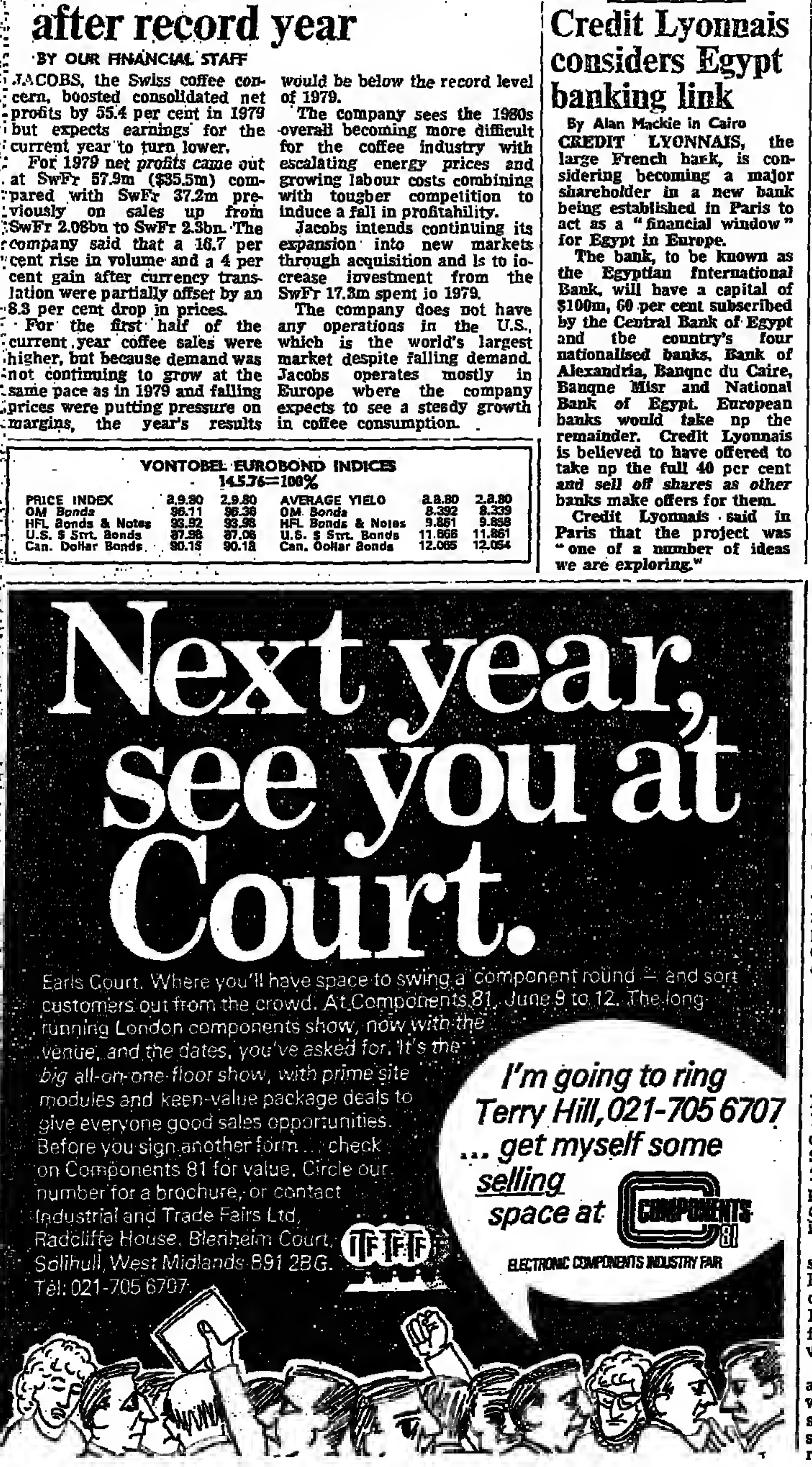
The company sees the 1980s overall becoming more difficult for the coffee industry with escalating energy prices and growing labour costs combining with tougher competition to induce a fall in profitability.

Jacobs intends continuing its expansion into new markets through acquisition and is to increase investment from the SwFr 17.3m spent in 1979.

The company does not have any operations in the U.S., which is the world's largest market despite falling demand. Jacobs operates mostly in Europe where the company expects to see a steady growth in coffee consumption.

VONTOBEL EUROBOND INDICES
145.76=100%

PRICE INDEX	2.9.80	2.9.80	AVERAGE YIELD	2.2.80	2.2.80
DM Bonds	96.11	96.36	DM Bonds	8.392	8.339
HFL Bonds & Notes	93.92	93.98	HFL Bonds & Notes	9.861	9.858
U.S. $ Strt. Bonds	87.98	87.06	U.S. $ Strt. Bonds	11.866	11.861
Can. Dollar Bonds	90.18	90.18	Can. Dollar Bonds	12.065	12.054



Advertising slump hits Elsevier

By Our Amsterdam Correspondent

A DECLINE in advertising volumes led to a sharp fall in the profits of Elsevier-NDU, the Dutch publishing group, in the first half of 1980. Subscription income for its newspapers and magazines increased, but not sufficiently to compensate for the fall in advertising revenues.

The Company's net profit fell 23 per cent to Fl 20m ($10m). Earnings per share were down from Fl 19.59 to Fl 14.01 on sales which were 12 per cent higher at Fl 636m ($330m). Costs, including personnel, depreciation and interests, rose by 18 per cent in connection with its recent acquisitions.

Elsevier-NDU expects the second half to produce a better result than the first six months but profit in the year as a whole will still be lower than the Fl 51.5m of 1979.

Foreign book sales were disappointing though scientific and specialised publications and the company's recent U.S. acquisition, Congressional Information Services, performed according to plan.

The drop in the Dutch advertising market affected the newspaper and magazines divisions and, indirectly, the graphics division.

Credit Lyonnais considers Egypt banking link

By Alan Mackie in Cairo

CREDIT LYONNAIS, the large French bank, is considering becoming a major shareholder in a new bank being established in Paris to act as a "financial window" for Egypt in Europe.

The bank, to be known as the Egyptian International Bank, will have a capital of $100m, 60 per cent subscribed by the Central Bank of Egypt and the country's four nationalised banks, Bank of Alexandria, Banque du Caire, Banque Misr and National Bank of Egypt. European banks would take up the remainder. Credit Lyonnais is believed to have offered to take up the full 40 per cent and sell off shares as other banks make offers for them.

Credit Lyonnais said in Paris that the project was "one of a number of ideas we are exploring."

Beer price increase lifts Kirin Brewery

BY YOKO SHIBATA IN TOKYO

KIRIN BREWERY, Japan's top brewer, with a market share exceeding 60 per cent, has reported record earnings for its first-half ended July 31, helped by increased beer prices since April.

Kirin's interim operating profits reached Y24.31bn ($101m), to show a gain of 12.3 per cent on the first-half of 1979-80. Net profits rose 9.7 per cent to Y10.12bn, and sales 4.5 per cent of Y467,74bn ($2.1bn). Per share profits were Y15.71, against Y14.37.

Beer sales rose slightly in quantity, by 1.4 per cent, being held back by the cold weather in July. For the same reason, sales of soft drinks plunged 20.1 per cent. Beer sales increased in value, however, by 7 per cent to Y423.61bn, and accounted for 90.5 per cent of total sales.

Cost rises amounting to Y18bn were matched by the effect of the higher prices, and rationalisation also contributed to the company's profitability.

For the current half-year, ending January 31, beer sales in volume are not likely to reach the level of the same period last year. Sales on this basis in August, for instance, were 20 per cent down on the year.

The increase in beer prices last April, taking full effect in the current half year, however, is expected to offset the volume drop and cost increases.

For the full fiscal year, to January 31, operating profits are expected to be a record Y38.7bn, up 22.6 per cent, net profits Y17.5bn, up 5.1 per cent and sales Y850bn, up 2.3 per cent.

Further profit surge for Mitsubishi Chemical

BY OUR TOKYO CORRESPONDENT

MITSUBISHI CHEMICAL INDUSTRIES, Japan's largest chemical company, has reported another sharp rise in earnings for the half-year to July 31, on the back of booming sales of carbon and petrochemical products, helped by strong demand ahead of price increases.

Operating profits increased 129.3 per cent from their level in the first half of 1979-80, to Y16.34bn ($74.3m). Net profits were up 173.4 per cent to Y7.8bn. Sales rose 42.2 per cent to Y420.67bn ($1.9bn). Profits per share were Y7.82, compared with Y3.2.

The strength in sales was attributed to demand for coke from U.S. steelmakers, beginning to switch to the use of coke, instead of heavy oil. Sales of carbon products increased by 35.6 per cent, to account for 27.1 per cent of the total turnover. Sales in the petrochemical sector rose 34.4 per cent, to account for 48.1 per cent of total sales.

The effect of increased production and of rationalisation measures contributed to the earnings upsurge.

For the current half-year ending January, the company faces a fall in demand for petrochemical products, partly in reaction to the buying in the first half ahead of price increases. The profitability of coke exports is expected to decline as a result of the yen's appreciation in the foreign exchange market.

BMI shows sharp rise and plans rights issue

BY JAMES FORTH IN SYDNEY

BMI, the Australian building products and mining group, plans cash and options issues to shareholders after a 48 per cent increase in profit for the year to June. Earnings jumped from A$12.65m to a record A$18.7m (U.S.$21.9m).

The dividend, paid on capital increased during the year by a one-for-four rights issue, has been lifted from 8 cents to 10 cents a share. The higher rate is still almost three times covered by earnings per share, which rose from 17.25 cents to 24.75 cents.

The Board has decided on another rights issue, this time on a one-for-five basis to raise A$9.1m.

A price of 50 cents has been fixed for the issue of the shares, a substantial discount on yesterday's closing market price in Sydney of A$1.85.

The directors said the issue was being made to provide funds for expenditure on mining projects and to boost liquidity during the coming period of expected high interest rates.

As an "added opportunity for shareholders to benefit from the expected growth of the capital value of shareholdings." BMI will make an issue of share options on a one-for-five basis, at one cent an option. The options are exercisable after five years at A$1.80 a share.

It is intended that a further 2m options will be issued to four senior BMI executives under an agreement that they will stay with the company for the next five years. The options deal is similar to that recently introduced by the international transport group, Thomas Nationwide Transport.

Investment income rose 19 per cent from A$6.9m to A$8.2m, largely as a result of a higher dividend from BMI's 50 per cent owned Kajuara Mining tin operation in Indonesia.

BMI is looking increasingly to the mining area for its expansion prospects and has a 50 per cent interest in a copper-gold-silver deposit at Cadia, in New South Wales, and a 51 per cent stake in a coal prospect near Stroud, NSW, which would cost about A$100m to develop.

Higher costs hit Haeco

BY OUR HONG KONG CORRESPONDENT

HONG KONG AIRCRAFT Engineering (Haeco), the aircraft servicing subsidiary of the Swire Pacific group, suffered a 23 per cent fall in interim profits, with higher operating costs outweighing an increase in revenue.

The after-tax profits for the six months to June 30 came to HK$17.3m (US$3.5m), or 28 cents per share, compared with HK$22.6m, or 36.6 cents a share, for the same period the previous year.

The interim dividend was set at 15 cents a share compared with an adjusted 14.86 cents a share taking into account a stock split, a bonus issue and a rights issue earlier this year, which increased the number of shares outstanding almost eight-fold.

Mr. John Bremridge, the chairman, said that gross revenue for the first half was 31.6 per cent up from the first half of 1979, and attributed the profits drop chiefly to higher wage and interest costs.

But he said that business would pick up in the second half and this, along with the lower level of borrowings made possible by the proceeds of the rights issue, should enable the company to top last year's full earnings of HK$38.7m, and allow it to pay a final dividend double the interim one.

APPOINTMENTS

Managing Director

for a company manufacturing capital plant for the construction industry. The product range is well established in world markets and the business is backed, at corporate level, by a powerful British giant in the forefront of industry.

- AT THE HEAD of a strong management team, the role is to mastermind product development, penetrate new markets and develop the enterprise profitably. The way is open to further advancement within the group.
- A PROFESSIONALLY QUALIFIED MECHANICAL ENGINEER is required, experienced in the manufacture, assembly and marketing of capital equipment. Evidence of success in managing a substantial company, in this context, is essential.
- PREFERRED AGE 40-50. Terms are for discussion and will be designed to attract those currently earning £20,000 or more.

Write in complete confidence to K.R.C. Slater as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

COMPANY NOTICES

RAND MINES LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE IS HEREBY GIVEN that the Annual General Meetings of the undermentioned companies will be held in the Conference Room, 11th Floor, 63 Fox Street, Johannesburg on the dates and at the times shown:

Name of Company	Date of Meeting	Time of Meeting	Closure dates of Registers of Members (Inclusive)
(both of which are incorporated in the Republic of South Africa)			
Blyvooruitzicht Gold Mining Company Limited	24th October, 1980	12h00	18th to 24th October 1980
Harmony Gold Mining Company Limited	24th October, 1980	11h00	18th to 24th October 1980

By Order of the Boards,
V. M. MURTON,
Administrative Manager and Secretary.

Registered Offices:
15th Floor, 63 Fox Street,
Johannesburg 2001
(P.O. Box 62370, Marshalltown 2107)
12th September, 1980

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group
DIVIDEND DECLARATION

NOTICE IS HEREBY GIVEN that Dividend No. 48 of 200 cents per share has been declared in South African currency, as an interim dividend in respect of the year ending 30th June, 1981, payable to members registered in the books of the company at the close of business on 26th September, 1980. The register of members will be closed from 27th September to 5th October, 1980, inclusive, and dividend warrants will be posted on or about 6th November, 1980.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom Registrars and Transfer Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 27th September, 1980 on which foreign currency dealings are transacted.

Where applicable South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the offices of the company in Johannesburg or in the United Kingdom.

By Order of the Board,
RAND MINES LIMITED,
Secretaries,
per A. H. KNOKSEN.

Registered Office:
15th Floor, 63 Fox Street,
Johannesburg 2001.
(PO Box 62370, Marshalltown 2107).
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
40 Holborn Viaduct,
London, EC1P 1AJ.
United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited,
PO Box 102, Charter House,
Park Street, Ashford,
Kent, TN24 8EQ.
11th September, 1980

UNILEVER N.V.
7% AND 6% PREFERENCE SUB-SHARES
ISSUED BY
N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Dividends for 1980 of 7% (Fl.0.84) ...

Unilever House, Blackfriars,
London EC4P 4BQ
7% PREFERENCE
DUTCH CERTIFICATES OF
Fl. 1,000 AND Fl. 100

The dividend will be paid on and after 1 October 1980 against surrender of Coupon No. 97. Coupons may be encashed through Midland Bank Limited at the above address or through one of the paying agents in the Netherlands. Coupons encashed through Midland Bank Limited (from which fuller details of the dividend may be obtained) must be listed on a special form obtainable from the Bank which contains a declaration that the certificates to which the coupons relate do not belong to a resident of the Netherlands.
11 September 1980

BARLOW RAND LIMITED
PREFERENCE DIVIDEND NO. 88

...

South Africa.
Postal Address:
PO Box 782248,
Sandton
2146
Republic of South Africa.
Transfer Secretaries:
Rand Registrars Limited,
2nd Floor, Devonshire House,
49 Jorissen Street,
Braamfontein
2001
South Africa.
Postal Address:
PO Box 31719,
Braamfontein
2017
Republic of South Africa.
12 September, 1980.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

7% DEBENTURE STOCK, 1950-83

NOTICE IS HEREBY GIVEN that the Registers of the Corporation's above mentioned Debenture Stock will be Closed for Transfer and Registration from 1st to 14th October, 1980, both days inclusive.

By Order of the Board.
H. J. McTURK, Secretary.
48 Palmerston Place,
Edinburgh EH12 5BR.
12th September, 1980.

INTERNATIONAL DEPOSITARY RECEIPTS (IDR) ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK REPRESENTING ORDINARY CONVERTIBLE CLASS C SHARES OF BRASCAN LIMITED

A distribution of Can$0.30 per depositary share less any applicable taxes and fees will be payable on and after October 31, 1980 upon presentation of coupon No. 15 at any of the following offices of Morgan Guaranty Trust Cy of New York:
—New York (USA) 30, West Broadway
—Brussels, 35, avenue des Arts
—Antwerp, 52, Frankrijklei
—London, 1, Angel Court
—Paris, 14, Place Vendôme
—Frankfort, Bockenheimer Landstrasse 8
—Zurich, Stockerstrasse 38
and Banque Générale du Luxembourg, 14, rue Aldringen, Luxembourg.

GRANGES
(The Grangesberg Company)
8¾% U.S. $ LOAN 1987

S. G. WARBURG & CO. LTD., announce that the redemption instalment of Bonds due 16th October, 1980, for a nominal value of U.S.$900,000 has been met by purchases in the market.

U.S.$6,300,000 nominal amount of Bonds will remain outstanding after 16th October, 1980.
30 Gresham Street,
London, EC2P 2EB.
12th September, 1980.

UNILEVER N.V.

9¼% US$100 MILLION BOND LOAN 1979/1987

Report of the Trustee over the financial year 1979 is available for bondholders with Midland Bank Ltd., 60 Gracechurch Street, London EC3P 3BN, and with the offices of the Trustee: Nieuwe Zijds Voorburgwal 326-328, 1012 RW Amsterdam, The Netherlands.

The Trustee:
NEDERLANDSCHE TRUST-MAATSCHAPPIJ B.V.
Amsterdam.
9th September 1980.

REPUBLIC OF ICELAND
5½% 1973/1988 UA 12,000,000.-

NOTICE IS HEREBY GIVEN to Bondholders of the above loan that ...

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise
Luxembourg,
September 12, 1980.

NORTH ANDROS DEVELOPMENT COMPANY LIMITED
(IN LIQUIDATION)

...

THE "SHELL" TRANSPORT AND TRADING COMPANY LIMITED

...

Shell Centre,
London SE1 7NA.
11th September, 1980.

TRAVEL

SWISS CITY FLIGHTS
Leading specialists in flights to Switzerland from Gatwick.
6 weekly flights to Geneva
4 weekly flights to Zurich
Low season from £69
High season from £79
PLUS Departures to Basle & Berne
01-351 2191

PUBLIC NOTICES

HERTFORDSHIRE CORPORATION BILLS

...

METROPOLITAN BOROUGH OF CALDERDALE
£1,400,000 Bills issued on 10th September 1980 due 10th December 1980 not issued. Total applications £11,200,000. Bills outstanding £1,400,000.

OXFORDSHIRE COUNTY COUNCIL
£16½ million Bills issued 10th September 1980 due 10th December 1980. £2½ million at 14¼%. £8¼ million at 14 49/64%. £5¼ million at 14...%. Applications totalled £51 million. Bills outstanding £16½ million.

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property, Businesses for Sale/Wanted	7.00	19.50
Residential Property	5.00	15.00
Appointments	7.00	19.50
Business and Investment Opportunities	8.00	25.00
Personal	5.00	15.00
Motor Cars	5.00	15.00
Hotels and Travel	5.00	15.00
Contracts and Tenders	7.00	19.50
Book Publishers	—	net 9.00

Premium positions available
(Minimum size 30 column cms)
£2.50 per single column cm extra
For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 10, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2083
Algeria	Dinar	3.8325
Andorra	French Franc	4.1398
	Spanish Peseta	73.025
Angola	Kwanza	27.527
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1916.00
Australia	Australian $	0.8546
Austria	Schilling	12.5935
Azores	Portug. Escudo	49.515
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3779
Balearic Isles	Spanish Peseta	73.025
Bangladesh	Taka	14.7422
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.527
	B. Franc (F)	28.815
Belize	Belize $	2.00
Benin	C.F.A. Franc	206.99
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7777
Brazil	Cruzeiro	55.75
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.110
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	206.99
Canada	Canadian $	1.1618
Canary Islands	Spanish Peseta	73.025
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	206.99
Chad	C.F.A. Franc	206.99
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.70
Comoros Islands	C.F.A. Franc	206.99
Congo (Brazaville)	C.F.A. Franc	206.99
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'oTome & Principe	S. Tomo Dobra	34.2351
Denmark	Danish Krone	5.50
Djibouti Rp. of	Djibouti Franc	174.585
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'can Peso	1.00
Ecuador	Sucre	25.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	73.025
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.50
Falkland Islands	Falkland Is. £*	2.40
Fiji Islands	Fiji $	0.8029
Finland	Markka	3.635
France	French Franc	4.1398
French C'ty in Af.	C.F.A. Franc	206.99
French Guiana	Local Franc	4.1398
French Pacific Is.	C.F.P. Franc	75.3333
Gabon	C.F.A. Franc	206.99
Gambia	Dalasi	1.6667
Germany (East)	Ostmark (O)	1.7803
Germany (West)	Deutschemark	1.7805
Ghana	Cedi	2.75
Gibraltar	Pound*	2.40
Gilbert Is.	Kiribati	0.8540
Greece	Drachma	42.475

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.50
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1399
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.2894
Guinea Republic	Syli	18.9763
Guyana	Guyanese $	2.5595
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.9435
Hungary	Forint (O)	32.6022
Iceland	I. Krona	498.50
India	Ind. Rupee	7.72
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2955
Irish Republic	Irish Punt*	2.1175
Israel	Israeli Pound (4)	56.14
Italy	Lira	849.15
Ivory Coast	C.F.A. Franc	206.99
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	215.43
Jordan	Jordan Dinar	0.291
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3085
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2672
Lao P'ple D. Rep	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.028
Lesotho	Loti	0.7539
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2951
Liechtenstein	Swiss Franc	1.0332
Luxembourg	Lux Franc	28.527
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	206.99
Madeira	Portuguese Escudo	49.515
Malawi	Kwacha	0.7981
Malaysia	Ringgit	2.117
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	413.99
Malta	Maltese Pound	0.3413
Martinique	Local Franc	0.1398
Mauritania	Ouguiya	41.398
Mauritius	M. Rupee	7.5658
Mexico	Mexican Peso	22.99
Miquelon	French Franc	4.1398
Monaco	French Franc	4.1398
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8395
Mozambique	Moz. Escudo	28.2083
Namibia	Rand	0.7539
Nauru Is.	Aust. $	0.8545
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9352
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0134
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	206.99
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.919
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.6558
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	293.94
Philippines	Ph. Peso	7.5745
Pitcairn Islands	NZ $	1.0134
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.515
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1399
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound	2.40
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	0.1398
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	846.15
Saudi Arabia	Saudi Riyal	3.3198
Senegal	C.F.A. Franc	206.99
Seychelles	S. Rupee	5.5542
Sierra Leone	Leone	0.8335
Singapore	Singapore $	2.110
Solomon Islands	S.I. $	0.8545
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7539
Spain	Peseta	73.025
Spanish Ports in North Africa	Sp. Peseta	73.025
Sri Lanka	S. L. Rupee	16.92
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7539
Sweden	S. Krona	4.149
Switzerland	Swiss Franc	1.6332
Syria	Syria Pound	3.9252
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1998
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	206.99
Tonga Islands	Pa'anga	0.8546
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8546
Uganda	Ug. Shilling	7.3085
United Arab Emir.	UAE Dirham	3.688
United Kingdom	£ Sterling*	2.40
Upper Volta	C.F.A. Franc	206.93
Uruguay	Urug. Peso	9.34
U.S.S.R.	Rouble	0.643
Vanuatu	Aust. $	0.8546
Vanuatu[5]	FNH (5)	66.9005
Vatican	Italian Lira	846.15
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.19
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.55
Zaire Republic	Zaire Zaire	1.979
Zambia	Kwacha	0.7749
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling remained firm in the foreign exchange market yesterday, and although early trading was cautious there was little surprise that Bank of England Minimum Lending Rate was unchanged. Earlier in the week the pound reacted to speculation that MLR was likely to fall, but by yesterday morning there was no strong anticipation of a cut, and sterling opened firm at around $2.41. It touched a low of $2.4070-2.4080, but at noon stood at $2.4155-2.4165, and moved up only another 10 points on the announcement that MLR would remain at 16 per cent. The pound soon eased back to $2.4135-2.4145, and was steady throughout the afternoon, closing at $2.4120-2.4130, a rise of 95 points on the day.

Sterling's trade-weighted index, on Bank of England figures, rose to 76.2 from 76.0, after opening at 76.2 and rising to 76.4 at noon.

The pound touched a high point of DM 4.30 against the D-mark, before finishing at DM 4.29, compared with DM 4.2750 on Wednesday, and a peak of FFr 9.99 in terms of the French franc, before closing at FFr 9.9675, against FFr 9.93 previously.

The dollar's index, as calculated by the Bank of England, fell to 83.3 from 83.6.

The U.S. currency showed little movement against most other major units, easing slightly to DM 1.7775 from DM 1.7785 against the D-mark and to SwFr 1.6280 from SwFr 1.6300 in terms of the Swiss franc. The Japanese yen was very firm however, with the dollar falling to Y214.30 from Y216.50.

D-MARK—One of the weaker members of the European Monetary System of late, but showing signs of recovery against the dollar following doubts about the future trend in U.S. interest rates and Federal Reserve monetary policy ahead of the Presidential election—The D-mark was generally firm at the Frankfurt fixing, and although the Danish krone rose slightly and the French franc was unchanged, other members of the EMS eased against the German currency. The Bundesbank did not intervene when the dollar was fixed at DM 1.7778 against DM 1.7804, while sterling rose to DM 4.2950 from DM 4.2750, helped by the unchanged Bank of England Minimum Lending Rate, and the pound's position as a petrocurrency ahead of next week's OPEC meeting.

BELGIAN FRANC—Tending to weaken against most of its EMS partners, and requiring central bank support, after an earlier period of stabilisation enabling the authorities to reduce interest rates—The Belgian franc was the second weakest member of the EMS yesterday, and although losing ground to the D-mark and Danish krone at the Brussels fixing was slightly firmer against the strongest member of the system, the Dutch guilder, and the weakest currency, the Italian lira. The dollar fell to BFr 28.49 from BFr 28.535, but sterling rose to BFr 68.7925 from BFr 68.5425.

DUTCH GUILDER—Strongest member of the EMS in recent weeks, helped by energy supplies and competitive interest rates, despite last month's cut in Netherlands National Bank discount rate—The guilder improved against the Belgian franc and Italian lira at the Amsterdam fixing, but declined against the other members of the EMS and sterling. The pound rose to Fl 4.6790 from Fl 4.6460, while the dollar eased to Fl 1.9340 from Fl. 1.9360.

THE POUND SPOT AND FORWARD

Sept. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4070-2.4175	2.4120-2.4130	1.20-1.10c pm	5.72	2.52-2.42 pm	4.09
Canada	2.8020-2.8125	2.8030-2.8040	1.58-1.48c pm	6.55	3.63-3.53pm	5.11
Nethlnd.	4.64½-4.68½	4.66-4.67	2¼-1¼c pm	5.14	6¼-5¼ pm	4.52
Belgium	68.50-68.95	68.80-68.90	30-20c pm	4.36	63-53 pm	3.37
Denmark	13.22-13.30	13.25¼-13.26¼	¼-4ore dis	−2.94	9½-11¼ dis	−3.17
Ireland	1.1320-1.1425	1.1375-1.1385	0.24-0.16p pm	2.11	0.41-0.32 pm	1.28
W. Ger.	4.27-4.31	4.28½-4.29½	3½-2½pf pm	7.69	8-7 pm	6.99
Portugal	119.10-119.80	119.35-119.55	20c pm-19 dis	0.10	26-83 dis	−1.82
Spain	175.80-176.45	176.05-176.15	25-77c dis	−3.47	225-205dis	−6.02
Italy	2034-2042	2039-2040	5½-7½lire dis	−3.97	35-38 dis	−7.16
Norway	11.59-11.64	11.60-11.61	4½-3½ore pm	4.26	8½-7½ pm	2.80
France	9.94-9.99	9.96½-9.97½	4½-3½c pm	4.51	9¼-8¼ pm	3.51
Sweden	9.97½-10.02½	10.00-10.01	½ore pm-par	0.37	1½-2¼ dis	−0.75
Japan	515-523	516½-517½	1.55-1.10y pm	3.07	4.60-4.15	0.21
Austria	30.27-30.45	30.33-30.38	12½-10½gro pm	4.55	44-37pm	5.34
Switz.	3.91-3.94½	3.92½-3.93½	4-3c pm	10.69	10½-9¼ pm	9.92

Belgian rate is for convertible francs. Financial franc 69.55-69.65. Six-month forward dollar 3.53-3.43c pm. 12-month 4.50-4.40c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4070-2.4175	2.4120-2.4130	1.20-1.10c pm	5.72	2.52-2.42 pm	0.09
Ireland†	2.1150-2.1210	2.1190-2.1210	0.65-0.55c pm	3.40	1.50-1.40 pm	2.74
Canada	1.1618-1.1629	1.1625-1.1628	0.05-0.01c pm	0.37	0.32-0.27 pm	1.01
Nethlnd.	1.9310-1.9345	1.9310-1.9320	0.06c pm-0.04 dis	0.06	0.47-0.37 pm	0.87
Belgium	28.49-28.54	28.52-28.54	1-3c dis	−0.84	3-6 dis	−0.63
Denmark	5.4920-5.5035	5.4920-5.4935	3½-4ore dis	−8.19	9¼-10½ dis	−7.29
W. Ger.	1.7730-1.7795	1.7770-1.7780	0.35-0.31pf pm	2.23	1.35-1.30 pm	2.98
Portugal	49.45-49.60	49.45-49.55	15-30c dis	−5.45	40-85 dis	−5.05
Spain	73.03-73.12	73.07-73.12	40-60c dis	−6.21	165-195 dis	−9.85
Italy	844.90-846.00	845.60-845.90	6-7lire dis	−5.22	24-26 dis	−11.82
Norway	4.8105-4.8180	4.8110-4.8120	0.25-0.75ore dis	−1.25	1.05-1.55dis	−1.08
France	4.1260-4.1330	4.1285-4.1300	0.50-0.60c dis	−1.60	0.35-0.50dis	−0.41
Sweden	4.1450-4.1485	4.1450-4.1465	1.70-1.85ore dis	−5.13	5.85-5.00dis	−5.71
Japan	214.00-215.80	214.25-214.35	0.40-0.55y dis	−2.66	0.40-0.55dis	−0.89
Austria	12.57½-12.59½	12.57½-12.58½	0.75-1.35gro dis	−1.00	0.40pm-1.35d	−0.15
Switz.	1.6230-1.6305	1.6275-1.6285	0.72-0.67c pm	5.12	2.51-2.46pm	6.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	70.2	−29.9
U.S. dollar	83.3	−10.2
Canadian dollar	80.7	−17.1
Austrian schilling	156.3	+24.4
Belgian franc	115.1	+13.5
Danish kroner	106.7	−4.5
Deutsche mark	154.7	+43.7
Swiss franc	198.7	+80.1
Guilder	126.3	+20.2
French franc	101.2	−5.9
Lira	52.7	−51.6
Yen	132.0	−30.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Sept. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	10	0.550071	0.591340
U.S. $	10	1.32017	1.42182
Canadian $	10.57	1.53377	1.05187
Austria Sch.	6¾	16.5355	17.9149
Belgium F	19	37.5711	40.5520
Danish K	13	7.25299	7.83214
D'mark	7½	2.35043	2.52842
Guilder	9	2.55585	2.70994
French Fr.	9½	5.46484	5.88206
Lira	15	1117.52	1204.21
Yen	8.25	286.279	307.610
Norwgn. Kr.	9	6.37930	6.85103
Spanish Pts.	8	96.4239	103.878
Swedish Kr.	10	5.47210	5.89913
Swiss Fr	3	2.15346	2.31085

OTHER CURRENCIES

Sept. 11	£	$		£ Note Rates
Argentina Peso	4624-4644	1915-1923	Austria	30.20-30.50
Australia Dollar	2.0865-2.0805	0.8530-0.8535	Belgium	99.10-99.70
Brazil Cruzeiro	136.28-137.29	56.54-56.74	Denmark	13.19-13.29
Finland Markka	8.75-8.76	3.6285-3.6295	France	9.93-10.00
Greek Drachma	101.715-104.178	49.40-42.55	Germany	4.29½-4.30½
Hong Kong Dollar	11.93½-11.94½	4.9460-4.9480	Italy	2030-2120
Iran Rial	n.a.	n.a.	Japan	519-524
Kuwait Dinar(KD)	0.640-0.646	0.2068-0.2569	Netherlands	4.64½-4.69½
Luxembourg Frc.	68.80-68.90	28.52-28.54	Norway	11.58-11.08
Malaysia Dollar	5.0878-5.0975	2.1095-2.1115	Portugal	110-124½
New Zealand Dlr.	2.4395-2.4445	1.0115-1.0125	Spain	171½-180½
Saudi Arab. Riyal	7.97-8.03	3.3195-3.3210	Sweden	9.95-10.05
Singapore Dollar	5.0975-5.1076	2.1195-2.1145	Switzerland	3.91½-3.94½
Sth. African Rand	1.81-651.8175	0.7520-0.7535	United States	2.40½-2.42
U.A.E. Dirham	8.86-8.93	3.6865-3.6885	Yugoslavia	70-73

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5695	+1.96	+0.74	±1.53
Danish Krone	7.72336	7.82548	+1.32	−0.10	±1.64
German D-Mark	2.48203	2.52973	+1.52	+0.70	±1.125
French Franc	5.84700	5.88211	+0.60	−0.82	±1.3557
Dutch Guilder	2.74362	2.75135	+0.28	−0.94	±1.512
Irish Punt	0.668201	0.672128	+0.59	−0.83	±1.668
Italian Lira	1157.79	1204.41	+4.03	+2.88	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.413	4.290	517.0	9.968	3.930	4.665	2040.	2.804	68.95
U.S. Dollar	0.415	1.	1.778	214.3	4.139	1.629	1.934	845.4	1.109	28.54
Deutschemark	0.255	0.502	1.	120.5	2.333	0.916	1.087	475.4	0.953	16.05
Japanese Yen 1,000	1.934	4.669	8.298	1000.	19.29	7.602	9.032	3945.	0.423	133.2
French Franc 10	1.003	2.420	4.304	518.7	10.	3.943	4.680	2046.	2.913	69.07
Swiss Franc	0.254	0.914	1.092	131.6	2.536	1.	1.187	519.0	0.713	17.52
Dutch Guilder	0.914	0.517	0.920	110.9	2.137	0.842	1.	437.2	0.601	14.76
Italian Lira, 1,000	0.490	1.183	2.103	253.5	4.887	1.927	2.297	1000.	1.375	33.76
Canadian Dollar	0.357	0.861	1.530	184.4	3.555	1.402	1.664	727.5	1.	24.56
Belgian Franc 100	1.452	3.504	6.251	750.9	14.48	5.708	6.776	2968.	4.072	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 11)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 5/8	offer 11 3/4	bid 12 1/16	offer 12 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16½-16¾	10⅜-10⅝	9-10	10⅛-10⅜	3-3½	8⅛-8⅜	11¼-11½	14-19	29½-29⅝	14-15
7 days' notice	19⅝-17	10½-10⅝	9-10	10⅜-10⅛	3¾-4¼	8⅝-9⅜	11¼-11⅜	15¾-19¾	10⅛-10⅛	13¼-13½
Month	16¼-19½	10½-11⅛	9⅝-10	10⅛-10⅝	0⅝-5⅛	8⅝-8⅜	11⅝-11⅞	90¼-21¾	10⅞-11	13-13¼
Three months	10⅞-16⅛	11⅛-11⅛	10¼-10⅝	10⅛-10⅜	5½-5⅝	8⅛-8⅜	11⅞-19⅛	23-24	11⅛-11⅛	12⅛-19⅝
Six months	15-15¼	12-12¼	11-11⅛	10⅛-10⅜	5⅝-5¾	8⅜-8½	12¼-12½	95-26	11⅛-12⅛	10½-10⅝
One Year	14⅛-14⅜	12-12¼	11¼-11⅝	10⅜-10⅛	5⅛-5⅜	8⅛-8⅛	13½-19¾	24-25	18-18⅛	9½-9¾

Long-term Eurodollar two years 12⅞-12⅝ per cent; three years 12⅞-12½ per cent; four years 12⅝-12⅝ per cent; five years 12½-12⅝ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.70-10.80 per cent; three-months 11.30-11.40 per cent; six-months 11.60-11.70 per cent; one year 11.70-11.80 per cent.

INTERNATIONAL MONEY MARKET

European rates firm

European interest rates were slightly firmer in places yesterday, although many rates were unchanged from Wednesday in quiet trading, reflecting the lack of any fresh factors to influence the level of business. In Frankfurt call money was unchanged at 9.45-9.55 per cent as was the one-month rate at 9.15-9.25 per cent. Three-month funds rose to 9.00-9.10 per cent from 8.90-9.05 per cent and the six-month rate was higher at 8.75-8.85 per cent against 8.65-8.80 per cent previously. In Amsterdam short term funds continued to be in good supply, and call money was unchanged at 10¼-10⅜ per cent. One-month money was also unchanged, but three and six month rates both reflected an expected tightening of credit in the months to come, and rose ⅛ of a point to the common level of 10⅜-10⅞ per cent.

In Paris call money continued to rise, touching 11⅛ per cent, its highest level since August 22, and compared with Wednesday's level of 11⅛ per cent.

Swiss money rates also took on a firmer look ahead of the end of quarter period. The authorities gave signs of a tighter credit policy when banks were squaring their books ahead of the end of August, reflecting official concern over the rising rate of inflation. The Swiss central bank is expected to maintain a firm hold on the money market, and in an effort to obtain funds, banks seem likely to pay up to 6 per cent for secured call money in the near future.

MONEY RATES

NEW YORK

Prime Rate	12
Fed. Funds	10⅛-10½
Treasury Bills (13-week)	10.08
Treasury Bills (26-week)	10.26

GERMANY

Discount Rate	7.50
Overnight Rate	9.50
One month	9.20
Three months	9.05
Six months	8.80

FRANCE

Discount Rate	9.5
Overnight Rate	11.5
One month	11.5625
Three months	11.875
Six months	11.9375

JAPAN

Discount Rate	9.25
Call (Unconditional)	11.3125
Bills Discount (three-month)	11.46875

UK MONEY MARKET

Further help

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised moderate lending to four or five discount houses at MLR, for repayment today. The repayment of Wednesday's moderate advances was the main factor working against the market, and banks brought forward balances some way below target. On the other hand, there was a small increase in the note circulation, and a small excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market overnight loans opened at 16¼-16⅜ per cent and eased to 16-16¼ per cent. Rates touched 15⅞-16 per cent during the afternoon and closing balances were taken around 16 per cent. Longer term rates were slightly firmer in reaction to an unchanged MLR.

GOLD

Late recovery

Gold rose sharply in late trading in the London bullion market, and closed only $3 lower on the day, at $680-683, after falling to a low of $674.00 at the afternoon fixing. The metal opened at $677-680, and was fixed at $676.50 in the morning. It continued to weaken in fairly thin trading, before strong demand in New York pushed gold up towards the close.

In Paris the 12½ kilo gold bar was fixed at FFr 89,990 per kilo ($677.63 per ounce) in the afternoon, compared with FFr 89,950 ($677.41) in the morning, and FFr 90,000 ($76.23) Wednesday afternoon.

In Frankfurt 12½ kilo bar was fixed at DM 38,765 per kilo ($677.96 per ounce), against DM 39,155 ($684.97) previously, and closed at $674-677, compared with $685-688 on Wednesday.

In Zurich gold finished at $675-678, against $683-686 previously.

	Sept. 11		Sept. 10	
Gold Bullion (fine ounce)				
Close	$680-683	(£281¼-283)	$683-686	(£284¼-285½)
Opening	$677-680	(£280¾-282)	$678-681	(£282¼-283½)
Morning fixing	$676.50	(£280.124)	$686	(£285.833)
Afternoon fixing	$674	(£279.376)	$686.5	(£285.963)
Gold Coins				
Krugerrand	$702-704	(£290½-292)	$704-706	(£293¼-294¼)
Mapleleaf	$696-700	(£288¼-291¼)	$698-701	(£291-293)
New Sovereigns	$179½-173½	(£71½-79¼)	$173-174	(£72-72½)
King Sovs.	$199-200½	(£82½-83½)	$200-209	(£83-84)
Victoria Sovs.	$199-200½	(£82½-83½)	$200-202	(£83-84)
French 20s	$166½-168½		$107½-170½	
50 pesos Mexico	$835-838		$847-850	
100 Cor. Austria	$654-656		$668-671	
$20 Eagles	$786-789		$791-794	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

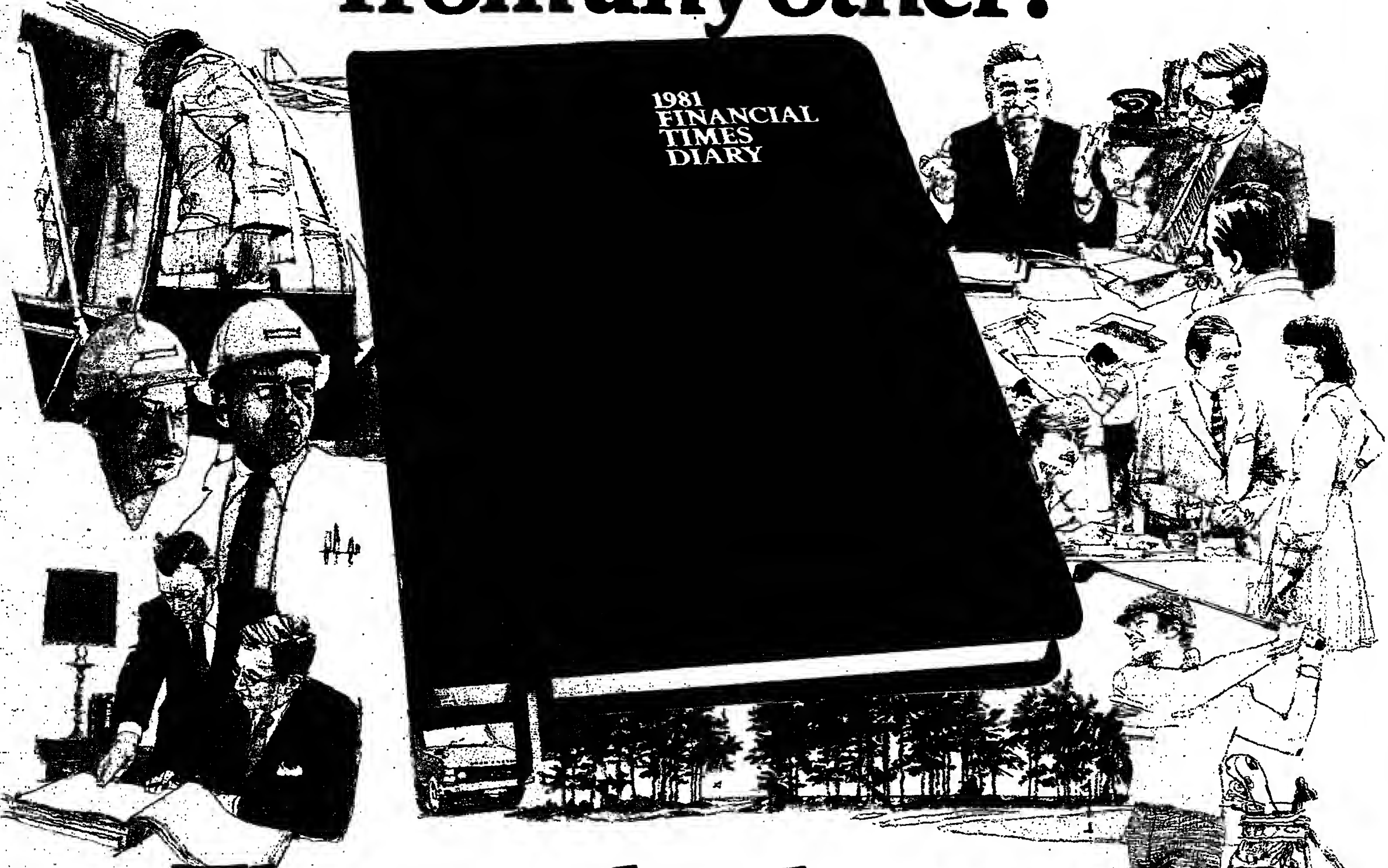
Sept. 11 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15¾-16⅜	—	—	—	19¼-16½	15½-16	—	—	—
2 days notice	—	—	16⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-16½	19⅜-16½	—	16⅞	16¾-16⅞	15⅝-15¾	—	—	—
One month	10⅝-16⅝	16⅜-16½	19¼-16½	17¼-17½	10	19⅞	15⅜-15¾	14¾-14⅞	16⅜-16	17
Two months	16-15	16-19⅛	—	10¼-16¾	16⅜	—	19	14⅝-14	19¾-16	10⅜
Three months	15¾-10⅝	15¾-15⅞	15¾	15⅝-16⅛	16⅛	16¼-19⅜	14½-14¾	14½-14	19⅛	19
Six months	14¾-14⅝	14-14	14⅞	14½-15	15⅛	15⅛	—	—	15¾-15	14⅝
Nine months	14-13	14¼-14⅝	—	14⅜-14¾	14⅞	15¼	—	—	—	—
One Year	13-13	13⅞-14	14	13⅞-14⅛	14	14¾	—	—	—	—
Two years	—	—	13¾-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅝ per cent; four years 13⅝ per cent; five years 13⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝ per cent; four-month trade bills 15¼ per cent.

Approximate selling rate for one-month Treasury bills 14⅝-14⅞ per cent; two-months 14⅝-14⅞ per cent; three-months 14¾-14⅞ per cent. Approximate selling rate for one-month bank bills 16⅛-16⅞ per cent; two-months 15⅞-15⅞ per cent; three-months 15 per cent; one-month trade bills 16¾ per cent; two-months 16⅛ per cent; and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7524 per cent.

What distinguishes the Financial Times Diary from any other?



The people who own it

Owners of Financial Times Diaries are not in the habit of missing appointments, opportunities or planes.

For the kind of life they lead, they need a diary that does more than simply keep track of their business day.

The Financial Times Desk Diary is their natural choice.

Quite apart from being the most luxurious business diary you could own, the Financial Times Desk Diary provides a wealth of vital information. Like travel data on eighty countries . . . a six-page monthly expenses record . . . an English/French/German business vocabulary . . . and a 48-page colour atlas. The kind of information that's invaluable to someone who lives a full life and a busy one.

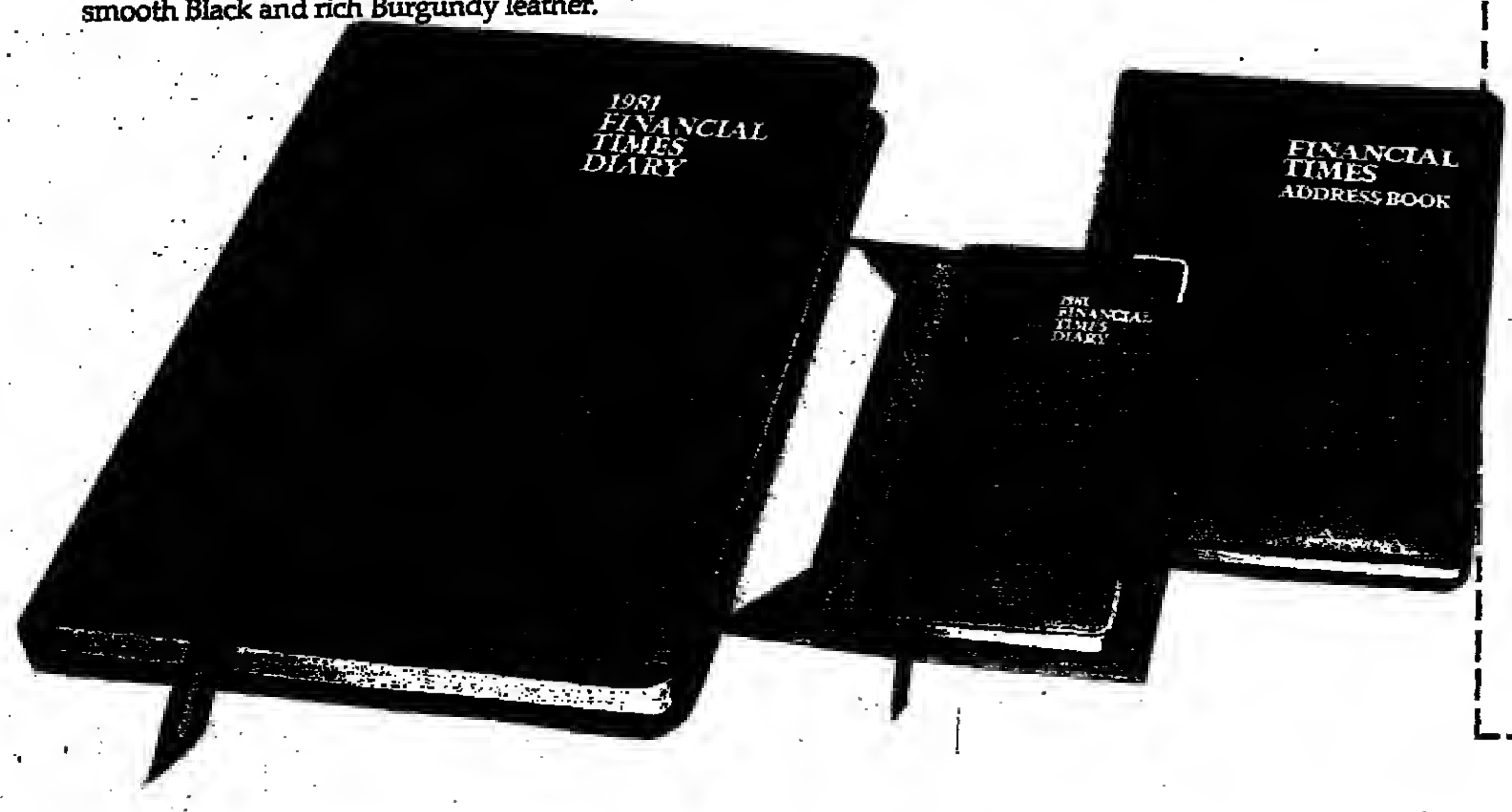
What other features help the Financial Times Diary owner organise his life in a business-like fashion? The removeable telephone/address book that slots into the following year's diary. And the extra two months of planning provided for by starting the diary in December 1980 and finishing it in January 1982.

The 1981 Diary. More distinguished than ever

The 1981 Financial Times Desk Diary is even more impressive than the 1980 edition. Same hand-crafting, it's true. Same gold page-edging. Same difficult-to-make choice of smooth Black hide, rich Burgundy hide or superior quality Black leathercloth.

But this year we've made some important changes. The international travel section, for example, has been enlarged to 28 pages, making our Desk Diary a supremely useful aid to the frequent business traveller.

And for the first time, you can choose from two complete colour co-ordinated diary sets. Our matching Pocket Diary (with optional leather wallet) and Address Book now also come in both smooth Black and rich Burgundy leather.



The business gift that distinguishes both giver and receiver

Every Financial Times Diary can be gold-blocked with names, initials, or your company logo on the front – a year-round daily reminder of the giver. Special publicity or information pages can be bound into the Desk Diary, enabling you to create your own "special edition."

There's no more subtle way of complimenting your clients. Or rewarding valued employees. And your company gains the prestige of being associated with Europe's leading business newspaper.

This year, give the most distinguished and appreciated business gift of all. Financial Times Diaries. Post the coupon today to purchase or request further details. We'll be glad to send you details of our greetings and compliment slip service, and our worthwhile discounts on orders of 25 or more.

Alternatively, simply phone 01-405 6969 between 9.30 am and 5.30 pm for further information.

Diary Department, Financial Times Business Publishing, 2 Greystoke Place, Fetter Lane, London EC4A 1ND

FT2

Financial Times Diary 1981

Order Form

Post to: Diary Department, Financial Times Business Publishing Ltd., FREEPOST, London EC4B 4QJ. (No stamp needed)

YES, please send the following	Price	Quantity
Desk diary, calf leather, black	£29.72	
Desk diary, calf leather, burgundy	£21.67	
Desk diary, leathercloth	£12.93	
Pocket diary, black	£ 7.47	
Pocket diary, burgundy	£ 6.32	
Pocket diary & wallet, black	£16.67	
Pocket diary & wallet, burgundy	£14.37	
Address book, black	£16.10	
Address book, burgundy	£13.80	

Prices include p&p and VAT for UK only. For prices overseas, please tick box ☐

Gold Blocking
Initials only: £1.21 per item. Initials and name: £2.07 per item.
If you require this service please give precise instructions for each item.

Free colour leaflet
Please send me fully descriptive leaflet ☐

Discounts of up to 25%
Please send me details of bulk discounts ☐

I enclose crossed cheque/P.O. for £________ payable to "F.T. Business Publishing (DY)."
Payment may also be made by credit card.

Tick choice VISA ☐ ☐

Signature ____________________

Name (Mr/Mrs/Miss/Ms) ____________________
(PLEASE PRINT)

Address ____________________
(PLEASE PRINT)

Postcode ____________ Tel: ____________

The Financial Times Diary is also available at Harrods, Ryman and other selected stores.

Financial Times Business Publishing Ltd., Reg'd Office Bracken House, 10 Cannon Street, London EC4P 4BY. Reg'd No. 980896.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Amsterdam gears up for development spree

THE AMSTERDAM office market — one-time overseas shrine for every UK property developer, investor and estate agent claiming a drop of entrepreneurial flair in his blood — could again be facing an excess of space.

The city which readily obliged in helping foster a good few overseas property ambitions before letting many of them collapse in an unseemly heap of vacant buildings and development losses has spent the last five years getting back in shape.

Strong demand for space from Dutch and international companies, combined with a stifling shortage of fresh space in a city where nearly every building seems protected, has led to too little office accommodation, and good rental growth but an acute shortage of investment properties.

For some time, development activity of any note has been largely confined to outlying districts such as Diemen, Bijlmermeer and now Sloterdijk and if the prophets in the Richard Ellis Leidsplein eyrie are right, a lot more space is now on the way.

Suggestions that a big increase in the number of developments is around the corner may represent good news for some of the property-starved institutional investors who — like their counterparts in the UK — have been forced to look overseas for deals, but what about rents?

The space forecasts first. John Selman, who heads the Ellis operation, says that at least 5m sq ft of new office space is likely to be added to the city's stock within the next three or four years. The figure compares with a recent average annual take-up of around 1m sq ft but a total which seems destined to be substantially lower this year. Only 400,000 sq ft was taken up in the first half of 1980, a figure likely to be repeated in the last six months of the year.

Speculative

John Selman says that about 80 per cent of the space involved in the plans will be speculative and he admits to being "a little worried" about the potential oversupply. The official line from Ellis is that since building costs keep rising (how do the Dutch manage to survive with 7 per cent inflation?) and municipal ground rents are high, the "massive addition" of fresh office accommodation will not have a weakening effect on rental levels.

Rental growth is at present trailing off but no actual fall is expected either now or when the new developments come on stream—a view which must surely be ready for revision depending on just how much oversupply actually emerges.

Among big schemes underway in and around Amsterdam is the 204,000 sq ft office block being built in the Vijzelgracht by Ariel, the property investment and development group which is half owned by Wimpey Property Holdings and which, since its formation in 1976, has spread its wings into West Germany, France and Belgium. The scheme is on a rare City centre site (a building permit took 15 years to arrive) and is now well advanced and will be ready for letting in September, 1981.

Work has already started on the vast Holendrecht Centre, situated on the south-east border of Amsterdam, which is being hailed as the largest office development ever carried out in Holland for letting. The £55m scheme, for which Jones Lang Wootton have been appointed joint letting agents, is being carried out by Westland-Utrecht and on completion will provide about 880,000 sq ft of space in five office towers. The first two phases, comprising 270,000 sq ft contained in two of the towers will be ready for use in April, 1982.

There are also plans for another big scheme next door to the Holendrecht centre at Bijlmermeer. To be developed by Hillen and Roozen, construction on the 300,000 sq ft office complex, for which Ellis is sole letting agent, is expected to start at the end of the year and completion should coincide with the first phase of the Westland-Utrecht scheme.

Another even larger office project is also proposed for the same area while over at Riekerpolder, close to Schipol airport, plans are laid for developments which could provide over half a million sq ft to add to the new crop of space.

The city centre area still continues to attract tenants anxious to maintain a presence in the country's financial capital, although it is virtually impossible to find more than 20,000 sq ft in single units. Prime city rents new stand generally higher than those for some of the outlying office locations, which has not always been the case as far as Amsterdam is concerned. They now range from as high as 350 guilders for small suites down to 260-270 guilders for larger space. In outlying districts, rents stand at around 225-230 guilders.

In a market now best described as fairly firm but cautious, investment yields have not changed, despite some suggestions that they might be on the move. In what is, however, a more selective market, prime office yields stand at around 6 per cent, rising to 7 per cent for secondary space.

Ellis itself was this week using the successful conclusion of two deals to emphasise its own belief that Holland is not a property investment wilderness, even if finding suitable premises it difficult.

Offices

Acting for Pension Fund PGGM, second only in size to the Dutch civil service's own pension fund, Ellis has acquired three office buildings in Zoetermeer, close to the Hague, being developed by Galliford, a Sears Holdings subsidiary.

Pension Fund PGGM, the pension fund for employees in medical care and social security, paid about £17m for the three buildings, two of which are let to the Ministry of Housing and Planning, with one still under construction. Each of the three buildings has a lettable floor-area of nearly 100,000 sq ft and, on completion, Ellis could be looking for rents of around 200-210 guilders.

The agents say they believe the deal to be the largest investment transaction to have taken place in the Netherlands in 1980 and topped up the news with details of a £2m office purchase in Amsterdam on behalf of a major UK client, thought to be the Post Office Pension Fund. The Fund, which has spent around 65m guilders in Holland over the last three years on a broad spread of property investments, has acquired a 30,000 sq ft office block on Westeinde, close to the Nederlandse Bank. The property is let to the Westland-Utrecht Hypotheekbank, the largest independent mortgage bank in the Netherlands.

But while non-Dutch investors like the British Post Office fund may be happy to step in and bid for any attractive investments which come onto the market, few of them show any inclination towards involving themselves in actual development programmes. Given, too, the absence of the property companies from abroad which last time rushed in to schemes on their own behalf, the next phase of office development is going to be a largely Dutch affair.

It may be that the embarrassing monuments to the last invasion of overseas property developers, such as the infamous Hammerson-Boz building, have finally been filled up, but foreign interest in the next generation of new floorspace seems likely to be confined to buying up what appears rather than in helping to create it.

Empty industrial space rises

TOTAL warehousing and factory space available to let or for sale in England and Wales has reached the highest level recorded since April 1977, according to agents King and Co.

Short-time working in industry and business closures are held largely responsible for a 30 per cent rise in available space since April, involving a combined total of just under 76m sq ft. The most significant increases in availability have been in the West Midlands, Yorkshire and Humberside.

King and Co. point out, however, that developers have actually increased output, with just over 15m sq ft of new space under construction and ready for occupation within six months against a figure of nearly 13m sq ft in April.

● Tarmac Construction and the Second London Wall Group have started work on a 90,000 sq ft office scheme in the business area of Milton Keynes, adjoining the shopping centre. Almost half the development has been pre-let to the Development Corporation and the remaining space will be available on completion in early 1982 through Healey & Baker and Jones Lang Wootton. The scheme is being funded by Sun Alliance and London Insurance Group.

● The National Research Development Corporation has paid £800,000 for the freehold of a site at 95-121, Newington Causeway, London, SE 1, close to the Elephant and Castle. There is planning consent for a 45,000 square foot office scheme which will be occupied by the NRDC. Anthony Lipton and Smith Melzack acted for the vendors and Hillier Parker represented the NRDC.

● Royal Insurance have taken from the Highland Regional Council a 125-year lease of the site for the £12m Eastgate shopping centre in Inverness to be developed in partnership with Cruden Developments. The scheme will provide over 140,000 square feet of net retail floorspace, two stores and 30 shop units. The large store has been let to Tesco. St. Quintin and Hillier Parker are joint letting agents.

● The National Insurance and Guarantee Corporation, a subsidiary of the Heron Corporation, has paid over £600,000 for the freehold of a 3.5 acre industrial site adjacent to the Bow Flyover. Heron purchased the site from the Chamberlain Group and plan nine units offering a total of 81,000 square feet of space. The development will be let to the London Borough of Newham who will sublet units. Kemsley Whiteley and Ferris acted for the vendors and George Elliott for NIGC.

● Chenville Securities, a subsidiary of London Investment Trust, is to pay £1.42m for Petersham House, in Harrington Road, Kensington, London, SW7, an eight-storey building of about 32,000 sq ft providing a mix of offices and flats. The purchase involves a £402,500 cash payment and the issue of 3.5m ordinary LIT shares. A deferred consideration of £200,000 is payable up to six month from completion, together with interest at 18 per cent. Income from the property is about £50,000 a year and the office space is let until 1986. LIT intends to retain the freehold as an investment but will sell the flats in due course.

● Scottish Life Assurance has purchased the freehold of Peel House, Northolt, Middlesex, a shop-office building with about 7,700 sq ft of space, for about £800,000. The offices are let to Tandem Computers. Jones Lang Wootton acted for Scottish Life while the vendors were represented by Anthony Lipton.

● Land Securities (Management) has let Token House, Copthall Avenue, London, EC2 to PSP, the first wholly owned Finnish bank in London. The 7,505 sq ft building has been refurbished by the freeholders, City of London Real Property — part of Landsit. The Bank has taken a long lease at a figure just under the asking rent of £140,000 a year. John Stanley acted for PSP and Healey and Baker acted for Land Securities.

● The Australia and New Zealand Bank's leasehold interest in its former banking premises at 15 Great Cumberland Place, London W1, has been sold by Weatherall Green & Smith to Barclays. A premium of over £400,000 was paid for the lease, fixtures and fittings. The premises have a total floor area of 5,000 sq ft and are held on an unexpired lease of 21 years at a fixed rent of £5,250 a year.

Important Headquarters Building • Factory-Warehouse-Offices

FOOTSHAPE WORKS KINGSTHORPE ROAD NORTHAMPTON

- Prominent main road frontage
- 1 mile north Town Centre
- Close local labour supply
- Self contained office block with adjacent car parks
- Heating/lighting/sprinklers

FROM 64p psf

To Let 124,425 sq ft

UNITS FROM 6,000/12,000/42,000/62,000sqft

Wilson & Partners

King & Co 01-236 3000

THE PROFESSIONAL APPROACH TO PROPERTY

Chesshire, Gibson & Co.

Chartered Surveyors.
63, Temple Row, Birmingham. B2 5LY. 021 632 4292.
16, Berkeley Street, London. W1X 5AE. 01 492 0954.

INTERNATIONAL PUBLIC COMPANY SEEKS PRESTIGIOUS HEAD OFFICE IN MAYFAIR

4,000-6,000 sq. ft.

One/Two Car Parking Spaces Essential

Ref. J.K.

VINTRY HOUSE
QUEEN STREET PLACE
LONDON EC4R 1ES
Tel 01-236 4040
TELEX 8812619

St Quintin CHARTERED SURVEYORS

KNIGHTSBRIDGE

PRESTIGE OFFICES

5,000 sq. ft.

LEASE FOR SALE

REDDIN-CLANCY & CO.

Chartered Valuation Surveyors and Estate Agents
56-60 Wigmore Street, London W1H 9DG. Tel: 01-935 2175

SHOPS AND OFFICES

Fully equipped prestige

MODERN OFFICES

In the centre of London

Available for immediate occupation. Superb riverside views. You can read the time on "Big Ben." Excellent access to public transport, parking available. Services include *porterage, receptionist, telephonist,* telex, tele-copier, use of superb conference room, equipped with video and other audio visual systems (capacity up to 60). Modern kitchen. Secretarial and messenger services also available.

01-582 2600

KENNINGTON GREEN, SE11. Hdqtrs. prems. on grd. & lower grd. flrs. 2,505 sq. ft. Car pkg. Cen. htg. To Let £17,750 p.a. exc. Broomhalls, tel: 01-222 1324.

WANDSWORTH, SW18. Church and ancillary bldgs. 5,125 sq. ft. on corner site. T.P.C. Offices. For Sale—Freehold. Broomhalls, tel: 01-222 1324.

INVESTMENTS FOR SALE

Freehold Factory For Sale

Inner West London area
Premises fully let producing
£32,500 per annum
For details contact:
HURWELL INVESTMENTS LTD.
132 Cromwell Rd., London SW7 4HA
Tel. No.: 01-373 0572

BERKHAMSTED. Modern parade 3 shops upp' pt. all let and producing £6,950 p.a. *Early reversions. Price freehold* £125,000. Barnett Baker 493 6128

FOR *SALE—HULL. Modern freehold* warehouse investment. Current rents £13,000 p.a. Reviews 1983. Pringle Jones & Partners, 33 Catherine Place, London, SW1. 01-828 5877.

WEST OF LONDON PROPERTY

The Financial Times proposes to publish a Survey on West of *London Property.* The provisional editorial synopsis and date are set out below.

DATE: Friday, 21st November, 1980

1. INTRODUCTION
   The commercial property market to the west of London has experienced a period of *buoyancy* and *expansion* reflected throughout the UK property market but one which has been given added impetus by the region's continuing emergence as an attractive alternative to more traditional locations in the South East.
2. OFFICES
3. INDUSTRIAL
4. THE "WESTERN CORRIDOR"
5. HAMMERSMITH
6. READING
7. SWINDON

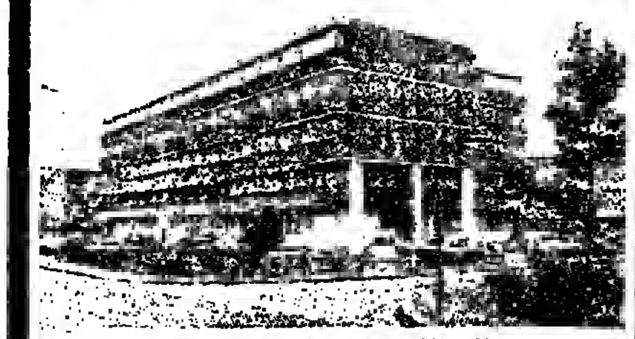
For further details please contact:
Simon Boyd - 01-248 5212
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY

Geering & Colyer

HAYWARDS HEATH
22,860 sq. ft. - Offices

To Let

On Instructions from *British Caledonian Airways*



Haywards Heath is set in beautiful countryside within easy reach of London, Gatwick and Brighton. Move into its principal commercial area close to companies like *IPC, Bain Dawes, Bayer* Pharmaceuticals, Brown Shipley, etc.

The offices available are superbly appointed and extend to 22,860 sq.ft. (approximately 7,600 sq.ft. per floor).

Specification includes 2 Otis lifts, *full oil fired central heating,* fully fitted restaurant and kitchen, suspended ceilings, carpeting and car park.

For full details please contact Geering & Colyer.
Tel: Haywards Heath (0444)57311. 133 South Road, Haywards Heath, West Sussex.

10 Offices in the South East

MORDEN, SURREY

High Technology Factory

Including Office and Laboratories

(Ideal for electronic or pharmaceutical user)

LEASE UNTIL 2006 TO BE ASSIGNED

84,300 sq. ft. approx.

On site area of 1.9 acres

Sole Agents
SWEBY COWAN McGLASHAN
REF 18D
01-408 2131
12 John Princes Street Cavendish Square London W1M 9HB

OFFICES TO LET

HIGH STREET, CHISLEHURST, KENT
LONDON BOROUGH OF BROMLEY
Finished to high standard
20,550 sq ft net
to be let in areas of 1,500 sq ft or multiple thereof.
READY FOR IMMEDIATE OCCUPATION
Apply to:
THORNE (SANDOWN LODGE) LIMITED
Osborn House, Osborn Terrace, Lee Road, London, SE3 9DW.
Telephone: 01-852 7407/8/9. Telex: 896544.

FACTORIES AND WAREHOUSES

KINGS CROSS, WC1
45,200 SQ FT
WAREHOUSE FOR SALE
Sole Agents:
Jones Lang Wootton
33 King St., London EC2V 8EE
01-606 4060

FOR SALE, Sharston Sth Manchester. 15,085 sq. ft. Single Storey Factory with prestige 2 storey office main *road frontage.* Htng. and ltng. Single and 3 phase electricity. Leasehold 999 yrs. at £36.08 p.a. ½ ml M58. 3 mls International Airport. Contact. Guest Shaw, 20 St. Ann's Sq., M'CR 2, 061-832 2888.

ANDOVER. Prestige New Warehouse. 20,000 sq. ft. To Let, 1,000 lbs floor loading. 22ft. minimum to eves. All amenities. Apply sole agents. Ref. 18D, Sweby Cowan McGlashan, 12 John Princes St., London W1M 9HB. Tel. 01-408 2131.

CLOSE HEATHROW. New S/S Factories and Warehouses, 2,000 sq. ft. and 4,000 sq. ft. 01-289 6568.

FITTING OUT
or
REFURBISHING
by
DAVID JENNER CONTRACTS LTD.

Partitions, ceilings, decor, flooring, electrical and mechanical services.

Contact: David Jenner on 0270 216290, David Jenner Contracts Ltd., 170a Nantwich Road, Crewe CW2 6BG

LAND FOR SALE

ESSEX

Nr. Epping Forest

Up to 160 Acres of Undulating Parkland,

situated in favoured area of Essex countryside.

This unique Green-Belt site is *only* 11 miles *from* Central London. Ideally could be developed for prestige golf course or sport/leisure complex.

Excellent road communication. All main services available.

Principals only to Box T5335, Financial Times, Bracken House, 10 Cannon Street, EC4P 4BY.

REQUIRED

FREEHOLD INDUSTRIAL PREMISES

12 - 15,000 sq. ft.

Some parking essential. Good loading facilities. Minimum of 4,000 sq. ft. ground floor. Location: *close to New Malden, S. Wimbledon,* Mitcham, Morden, Merton, Surbiton, Hook, Sutton.

Details in first instance to retained agent:
Jack Mendoza F.S.V.A.
100 Blatchington Rd., Hove, Sussex
(0273 722795)

EAST KENT
21 LOT
PROPERTY AUCTION
ON
8TH OCTOBER 1980 AT DOVER
comprising
11 Investment Houses, 3 Period Cottages at Sandwich, Interesting Offices at Deal, *Marine Residence* at Dover
QUEENS HOTEL, DEAL
Ideally suitable for 29 Flats
4½ ACRES RESIDENTIAL BUILDING LAND AT DEAL AND DOVER
22 Acres of Woodland
Apply
Worsfolds
3 MARKET SQUARE, DOVER
Tel. (0304) 204923

AUCTION
30th September 1980
4 LOTS ATTRACTIVE INDUSTRIAL & RESIDENTIAL PROPERTY WITH VACANT LAND—TRAWDEN, COLNE ON THE LANCS/YORKS BORDER
Further details from:
Singleton
G F Singleton & Co
55 King Street
Manchester M2 4LR
061 832 9271

PRIVATE PROPERTY COMPANY

for sale with assets in excess of £9m. Quality commercial portfolio in S.E. England Principals or retained surveyors with named *clients only.*

Write Box G6495, Financial Times
10 Cannon Street, EC4P 4BY

Factories and warehouses

3,000 to 40,000 sq. ft., from £1.50 sq. ft.

Sites up to 50 acres

Skilled labour available.
Housing for new and existing staff.

Ring the Commercial Director on 0952 613131

Telford Development Corporation, Priorslee Hall, Telford, Shropshire. TF2 9NT

Telford

The space, the people, the place for growing companies.

TDC 208

FREEHOLD INDUSTRIAL COMPLEX FOR SALE

Woolwich SE18

Site area 4.83 acres
Total floor area 170,000 sq. ft.
Offices, Laboratory, Canteen, Garage
Grain silos 3,200 capacity
Process steam boilers 90,000 lbs/hr.
Wharf frontage to River Thames

Sole agents:

MATTHEWS GOODMAN & POSTLETHWAITE
LONDON LIVERPOOL & PARIS
01-248 3200 72 UPPER THAMES ST LONDON EC4R 3UA

Modernised EC3 Offices
1400-4250 sq ft approx
To be let

Richard Saunders & Partners Property Agents Consultants and Surveyors
01-606 7461

Burley Radford
Surveyors Valuers and Estate Agents
01-623 2235

FREEHOLD INDUSTRIAL PREMISES

FOR SALE

WITH VACANT POSSESSION

ABBEY LANE LEICESTER

- ★ 3-ACRE SITE
- ★ 70,000 SQ. FT. FLOOR AREA (mostly single-storey & all built since 1936)
- ★ RING-ROAD SITUATION
- ★ PARKING FOR 100 CARS
- ★ ALTERNATIVE USE POSSIBILITIES

Apply:
WARNER, SHEPPARD & WADE
Chartered Surveyors
16-18 HALFORD STREET, LEICESTER. Tel: (0533) 21613

HUDDERSFIELD
FREEHOLD
Mansion Offices
6,825 sq ft
plus ancillary buildings of 6,000 sq. ft.
On own grounds of 1½ acres

EDWARD SYMMONS & PARTNERS Tel 01-834 8454
56/62 Wilton Road, London SW1V 1DH

FLORIDA PROPERTY

If you are thinking of investing or developing in Florida in shopping centres, offices, apartments, warehouses or land, we can assist you with the problems of location, financial planning, construction and management.

Contact the Centre Management Group and ask for E. J. A. Clucas, P.O. Box 301, St. Helier, Jersey, C.I. (Tel: (0534) 75488) or C. E. Waldner, P.O. Box 147, Boyton Beach, Florida 33436 (Tel: (305) 392 7333).

INTERNATIONAL PROPERTY

For Sale.

176 acre property in the heart of Florida's ocean resort community between Miami and Fort Lauderdale, U.S.A.

One of the last large parcels of vacant waterfront land in Dade County. The land is surrounded by water on 3 sides, centered with a 23.7 acre marina basin with access through 150 foot wide bulkheaded channel to the Intracoastal Waterway. Total water frontage is 13,478 feet.

Zoning permits high density residential and some commercial development.

The property is bounded on the north and south by two quality waterfront residential developments, with a million square foot shopping centre planned for the area. The site is completely accessible with direct connection to U.S. #1 Highway, a main traffic artery.

Also included are 197 residential lots zoned for single and two family residences and some limited business.

The property is called "Waterways".

The price is $29,000,000. (No commission to be paid).

All inquiries are to be by principals only. No brokers or intermediaries.

For further information contact:
Mr. Lawrence Wilkov or Mr. Herbert Hilton,
Indevco Management Corporation N.V.,
c/o The Hemispheres, 1980 South Ocean Drive,
Hallandale, Florida 33009, U.S.A.
Telephone (305) 457-9732 or (305) 944-4391.

ABSOLUTE PUBLIC AUCTION TO THE HIGHEST BIDDER

(Minimum Opening Bid $7,000,000)

OUTSTANDING COMMERCIAL DEVELOPMENT PARCEL CONTAINING 18,460 SQ FT ±

Located in Downtown
WASHINGTON D.C.
2 Blocks from White House

WASHINGTON'S FINEST COMMERCIAL DEVELOPMENT SITE IDEAL FOR OFFICE BUILDING

Sale on the Premises
CORNER OF NEW YORK AVENUE & 14th ST. N.W.

WEDNESDAY, OCTOBER 15, 1980 AT 2 P.M.

This sale represents an outstanding opportunity to purchase one of Washington's most desirable parcels of development real estate centrally located in downtown Washington, D.C. near White House, New Convention Center, National Theatre, Metro Center, Financial District, Subway Stop, etc.

ATTRACTIVE FINANCING AVAILABLE TO PURCHASER

Broker Participation Invited. Contact Auctioneers for Requirements.

FOR ILLUSTRATED BROCHURE AND OFFERING STATEMENT CONTACT:

Michael Fox Auctioneers, inc.

EXECUTIVE OFFICES — SUITE 1915 CHARLES CENTER SOUTH
36 SOUTH CHARLES STREET BALTIMORE, MARYLAND 21201 (301) 332-1333
• Washington (301) 621-1776 • Philadelphia (215) 564-1175

U.S.A. CHICACO AREA OFFICE BUILDING INVESTMENT

Net Lease. AAA Tenant. AAA Location. 22,000 sq ft on approx. 4 Acres. Nets US$181,500 annually. Expansion potential.

Write Box T5334, Financial Times, 10 Cannon Street, EC4P 4BY or Arthur Rubloff & Co., Chicago, Illinois, USA

WESTCHESTER COUNTY
NEW YORK

Prime Land: 78 acres. *Park-like in* Estate area. Suitable for Corporate Headquarters. Adjacent North American Philips. Price $20,000 per acre.

Brescom Corporation.
25 Broadway, New York,
N.Y. 10004.

SKI-ING AT LA PLAGNE. New apartments available for purchase at the premier French ski resort in the Savoy Alps, 150 km Geneva. Inspection August and from end October. Up to 50% mortgages at fixed interest over 20 years available to individuals and companies, approved rental scheme available to purchasers. Contact Plagne Information, P.O. Box 4, London EC1P 1AB.

WORLD STOCK MARKETS

Further early Wall St. rally

WITH THE bargain hunting of the past two sessions continuing, Wall Street stocks mainly improved afresh in another active early trade.

The Dow Jones Industrial Average added 5.21 at 943.69 at 1 pm, while the NYSE All Common Index advanced 41 cents more to $72.53 and rises outpaced falls in the ratio of two-to-one. Shares traded amounted to 32.34m at 1 pm, against Wednesday's mid-session total of 36.65m.

Oil-related stocks, particularly drilling concerns, were strong Schlumberger rose 2⅞ to $144⅞, Williams $1 to $40⅞, Superior Oil $3 to $197, Royal Dutch $1 to $89½ and Galveston-Houston $2 to $29⅞.

Bunker Ramo moved ahead 2⅞ to $41. The company said on Wednesday that it has been holding merger talks with several companies.

Tonka advanced $4 to $23½, while Dana were unchanged at $24⅞. Tonka has agreed to sell Gresen Manufacturing to Dana for $37m.

Cox Broadcasting added 1⅞ at $54⅞. The company has received $125m in new financing.

Mitchell Energy were up 1⅞ to $38⅞. Mitchell has agreed to buy a 50 per cent interest in 300,000 acres of oil leases in North Dakota.

THE AMERICAN SE Market Value Index climbed 3.68 to a record 339.81 at 1 pm. Volume 4.38m shares (5.13m).

Rex-Noreco put on $1 to $7½, Jetero 1¼ to $10¼, Houston Oil 1⅞ to $38⅞, Intercity Gas 1¼ to $21½ and Crestmont Oil 1⅞ to $24⅞.

Canada

Gold shares turned easier, but most other sectors showed further improvement in further heavy dealings yesterday morning. The Toronto Composite Index gained 9.3 to a new all-time high of 2,330.6 at noon, while Oil and Gas firmed 26.1 to 4,797.4, Metals and Minerals 10.8 to 2,422.9 and Papers 1.98 to 210.36, but Golds shed 61.9 to 6,232.1.

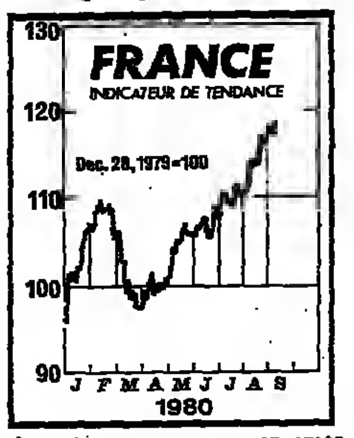
Among Golds, Campbell Red Lake lost C$2 to C$91, Camflo C$1 to C$45½ and Dome Mines C$1 to C$151.

Paris

Bourse prices were mostly strengthened in a good business, the Indicateur de Tendance index rising 1.6 to a peak for the year of 118.8.

Brokers saw this as a positive response from investors to the French Government's 1981 draft Budget. Operators were especially encouraged by the Government's plan to encourage corporate investment over the next five years by extra tax concessions costing FFr 5bn. Also contributing to the buoyant tone was the good overnight performance on Wall Street.

Gains led declines by more than a three-to-one margin.



Tokyo

With investors encouraged by the fresh overnight Wall Street rally, Blue Chips and Populars on the Tokyo stock market mainly advanced strongly yesterday, supported by further active overseas buying.

There was a large business volume of 470m shares (350m), while the Nikkei-Dow Jones Averages rose 22.68 more to a record 6,978.89. The Tokyo SE index climbed 1.23 to 482.30 and gains led declines on the First Market section by 382 to 278.

Light Electricals remained the centre of attraction, Sony moving ahead Y150 to Y2,900, Pioneer Electronic Y70 to Y2,270 and Victor also Y70 to Y2,050.

Heavy Electricals, Constructions, Pharmaceuticals and Communications also scored some good gains. Hitachi put on Y5 to Y313, Fuji Photo Film Y11 to Y685, Takeda Y15 to Y599, Green Cross Y70 to Y1,980, Fujitsu Y14 to Y552, Kyoto Ceramic Y80 to Y3,550 and Kajima Y6 to Y323.

On the other hand, Oils and Mineral Resources fell on profit-taking, with Nippon Oil receding Y70 to Y1,380, Teikoku Oil Y20 to Y990 and Nippon Mining Y9 to Y266.

Australia

The overnight rise in the International Bullion price, news of a potentially major gold find in the Northern Territory and stronger silver prices pushed Gold shares and a number of other leading Metal Minings sharply higher, but Oil and *Industrial issues were generally* narrowly mixed in subdued trading. The Sydney All Ordinaries index improved 5.82 to 964.95, buoyed by an advance of 100.51 to 6,266.47 by the Metals and Minerals sub-group index.

Peko-Wallsend, which has announced a significant new gold find near Tennant Creek, in the Northern Territory, surged ahead 54 cents more to A$10.20.

In other Gold shares trading, GMK added 40 cents at A$10.10, Central Norseman 30 cents at A$12.30, Poseidon 8 cents at A$8.14 and *Emperor* 20 cents at A$3.20.

Elsewhere in Minings, MIM climbed 20 cents to A$5.30, North Broken Hill 15 cents to A$3.95, EZ 50 cents to A$7.00 and Coal issue Utah 10 cents to A$5.50.

Magellan provided a bright spot in quiet Oils with a gain of 20 cents at A$6.30, while *Rundle Shale Oil* issue Southern Pacific put on A$1.50 to A$26.50.

Germany

The softening trend continued *in reduced activity*, taking the Commerzbank index 3.0 lower to 718.5.

Dresdner Bank declined DM 2.30 more and Volkswagen a further DM 2.60, but Deutsche Babcock strengthened DM 3.90 to DM 199.90.

Traders said the market remained primarily unsettled by the steady upward trend of yield rates in the West German Bond markets. Prices among Public *Domestic issues lost as much as* 50 pfennigs more, prompting the *Bundesbank to intervene* and purchase paper valued at DM 19.6m, up from purchases of DM 15.0m on Wednesday.

Hong Kong

Stocks closed mixed after substantial afternoon profit-taking pared morning advances. The Hang Seng index, which rebounded 41 points on Wednesday following the recent sharp retreat, moved ahead more than 17 points initially yesterday before receding to 1,212.37, only 1.24 higher on the day. Turnover remained heavy, totalling *HK$539.73m* on the *four* exchanges, compared with the previous day's *HK$542.55m.*

Dealers expect a cautious day's trading today ahead of Financial Secretary Philip Haddon-Cave's mid-year review of the local economy.

Jardine Securities, up HK$1.50 on Wednesday in response to higher profits and a bonus issue, receded 40 cents to HK$12.50.

Johannesburg

Despite the overnight advance in the Bullion price in the U.S. Gold shares further retreated in very quiet trading, with volume restricted due to the Jewish New Year holiday. Buffelsfontein lost R2.75 at R60.00 and Kloof R2.50 at R48.50.

Mining Financials were quietly easier, while Rustenburg Platinum shed 20 cents to R8.65.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Stock	Sept. 10	Sept 9
Abitibi	23⅝	24
Agnico Eagle	21⅝	20¾
Alcan Alumn	40⅝	39⅝
Algoma Steel	37½	37
Asbestos	30½	30¾
Bk Montreal	30½	30⅝
Bk Nova Scotia	31⅞	32⅛

BELGIUM (continued)

Sept. 11	Price Frs.	+ or —
Petrofina	4,256	—5
Royale Belge	6,600	....
Soc Gen Banq	2,355	—10
Soc Gen Belge	1,350	+40
Sofina	3,380	—50
Solvay	2,545	+15
Traction Elect	2,510	....
UCB	1,374	....

HOLLAND

Sept. 11	Price Fls.	+ or —
ACF Holding	67.6	—0.2
Ahold	70.5	+0.4
AKZO	21.9	—0.1
ABN	317	+5
AMEV	88.2	—0.3
AMRO	66.3	+1.3
Bredero Cert.	194	+2

AUSTRALIA

Sept. 11	Price Aust. $	+ or —
ANZ Group	4.70	+0.05
Acrow Aust	1.15	+0.05
Allstate Expl.	2.40	+0.10
Ampol Pet.	1.62	+0.04
Assoc. Pulp Pap.	2.25	....
Audimco	0.30	+0.02
Aust Cons Ind.	2.12	—0.03
Aust Guarant.	1.52	—0.02

JAPAN (continued)

Sept. 11	Price Yen	+ or —
Kubota	370	....
Kumagai	454	+8
Kyoto Ceramic	3,550	+80
Lion	376	—5
Maeda Cons.	688	+17
Makita	1,000	—10
Marubeni	405	....
Marudai	605	+2

Indices

NEW YORK —DOW JONES

NEW YORK ACTIVE STOCKS

U.S. cotton exports up by 50%

WASHINGTON — China was the leading customer for U.S. cotton during the 1979-80 season (August-July), taking 2.2m bales compared with only 606,000 bales in the previous season, the U.S. Agriculture Department said.

In a foreign agriculture circular on cotton, the USDA said total U.S. exports last season, at 8.8m bales, were 50 per cent above shipments in the 1978-79 season.

Japan, the largest market in the 1978-79 season, took 1.5m bales in the 1979-80 season and South Korea 1.4m. Together, these three leading markets absorbed 58 per cent of total U.S. cotton exports.

The USDA said the export outlook for the current year is promising, but at a level significantly below last season.

Earlier this week world cotton production in 1980-81 was estimated at 65m bales (of 478 lbs), nearly 1m bales less than last season's record.

The International Cotton Advisory Committee said the outlook for the world cotton crop has deteriorated sharply from earlier optimistic projections. It said world cotton acreage will increase by 2 per cent from last year, reaching 81.6m acres, but average yields will decline to around 380 lbs per acre from the record of 393 lbs in 1979-80.

U.S. cotton production will decline sharply as a result of extremely high temperatures and dry weather this summer in several key growing regions, the committee warned.

Lower crops are also expected for Iran, Guatemala and El Salvador. But higher cotton production is anticipated for the Soviet Union, China and Nicaragua.

World cotton carryover stocks on August 1 reached about 22m bales, unchanged from a year earlier.

Reuter

Increase in pepper exports

KUALA LUMPUR — Export of pepper from Sarawak state, the world's biggest producer and exporter of the commodity, is expected in 1980 to be 5 per cent higher than last year to reach a new record of 35,000 tons, the pepper marketing board has said.

Japan, the U.S., West Germany, Britain and Singapore are main importers of Sarawak pepper.

French growers back continued apple curbs

BY JOHN EDWARDS IN TOULOUSE

FRENCH APPLE GROWERS have voted in favour of extending their voluntary restrictions on apple exports to Britain for a further month—until the end of October—because of concern over the market situation in the UK.

However, M. Charles Calleja, president of the apple producers organisation Alfocel, said the self-imposed ban had to be endorsed by exporters who were under pressure from UK importers not to restrict sales.

Following the breakdown of talks with the National Farmers Union, the French producers last month agreed unilaterally to restrict their exports to Britain by banning shipments of Class 2 apples and 28 lb jumble packs, until September 30, but a deterioration in the UK apple market has persuaded them that further extension to October 31 and possibly longer is justified.

Latest market reports issued through the French Ministry of Agriculture yesterday summed up the situation in two bleak words "très morose." The virulent anti-French campaign is affecting sales and driving down market prices, it noted.

M. Calleja said he was shocked and saddened by claims in Britain that the apple market had been upset by irresponsible action from the French. He claimed it was the NFU that had broken off talks seeking a regulation of supplies. However, he repeated that it was not possible for France to limit exports overall. He said that a bilateral agreement with Britain would be contrary to the Treaty of Rome. Already other European countries had complained about discussions between the two countries.

Demand boost for sugar

BY OUR COMMODITIES STAFF

THE RISE in world sugar prices continued yesterday with the January position on the London futures market gaining £20.25 to £365.5 a tonne, its highest level for several weeks. This took the rise in the past week to about £36 a tonne.

Dealers attributed the continued advance to renewed consumer interest. They said Venezuela was reported to have bought 60,000 tonnes to 100,000 tonnes of raws while China was in the market for around 100,000 tonnes. There were also reports that Poland required 40,000 tonnes to make up a production shortfall.

Meanwhile Sugar statistician F. O. Licht said in his latest World Sugar Report that a decision to delay the Soviet sugar harvest because of unsatisfactory beet weights may expose the crop to frost. Some traders thought this played a part in the price rise.

In Britain the beet crop is progressing well, according to a British Sugar Corporation official. "Almost ideal weather" over the past month had helped the crop, he added.

He said the crop benefited by a number of warm spells during August, with rainfall during the month "adequate but not excessive." There were no indications of pest or disease problems.

The corporation expects to start opening its factories at the end of this month, and processing is scheduled to run into the beginning of January.

About 80 per cent of the crop was still as good as it had ever been for the time of year, the official said. The remaining 20 per cent, which was hit by the drought in May, was still catching up, but could not be expected to recover fully.

He said it was too early to forecast total production, but some indication should be available after two or three weeks of processing.

Turning to the 1981-82 crop the official said the corporation's proposed sugar contract with growers had been referred to the Minister of Agriculture, following the breakdown of talks with the National Farmers Union.

The NFU's sugar beet committee said the BSC's offer would give growers only slightly more than in the current crop year and less than in 1979, in spite of the impact of inflation on growers' costs.

Use more cocoa, consumers urged

BY OUR COMMODITIES STAFF

COCOA CONSUMING countries should increase consumption to absorb surplus world production, Mr. Kwesi Hackman, executive director of the International Cocoa Organisation (ICCO), said in Antwerp yesterday.

Speaking at a dinner to celebrate the 50th anniversary of the Office International du Cacao et du Chocolate, the ICCO chief complained that no concerted effort had been made to prepare the market for the increased production that was now coming on stream.

Increased consumption could make cocoa prices less volatile, he said. It would help to ensure that small increases in cocoa production did not lead to sharp price declines which caused producers to question the advisability of continuing to expand production.

But he warned producers that they should reduce their concentration on traditional markets. They must set its sights further afield, discovering new outlets for cocoa consumption, he declared.

Tin pact extension likely

KUALA LUMPUR — It is likely the fifth International Tin Agreement (ITA), due to expire in mid-1981, will have to be extended by one year due to the delays in negotiating the sixth ITA, Malaysian Primary Industries Minister Paul Leong said here.

A reconvened negotiating conference is expected to be held in Geneva in early December to settle the two main outstanding issues, the buffer stock size and export controls, to be followed by a further conference on technical details early next year.

An extension of the fifth ITA is likely in view of the time needed by member countries to ratify a sixth agreement after negotiations end.

The first negotiating conference in Geneva last May broke down because tin producers and consumers failed to agree on export controls and the buffer stock size.

Mr. Leong, who after his recent U.S. trip said he had fruitful discussions with U.S. Administration and industry officials, reiterated that the U.S. had dropped its objections to export controls, but a compromise between the U.S. and producer countries on the size of the buffer stock will still have to be worked out.

Producers attributed the breakdown of the Geneva talks largely to the then U.S. insistence on the deletion of export controls, an item producers said they regard as non-negotiable.

Although the U.S. no longer insists on deleting export controls, views differ between the U.S. and producers on the circumstances under which export controls would operate, Mr. Leong said.

The producer view is that export controls should be activated when the cash equivalent of half the buffer stock has been spent on defending the floor price, while the U.S. believes export controls should only become effective when the stock has been exhausted.

Mr. Leong repeated the producer view that the buffer stock size should be in the 30,000 tonne to 40,000 tonne range, not too large to depress the market and prolong depressed prices.

He said the U.S. Administration is now talking of a 60,000 tonne buffer stock, still too large to his view, against its earlier 70,000 tonne proposal.

Reuter

SHEEPMEAT

EEC regime may prove expensive

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THIS HAS been one of the best years for fattening lambs that I can remember. By the end of August, I had sold 80 per cent of my lambs and have only replacement stock and some 200 stragglers left. This happy result has been due to the flush of grass which continued right through July and August—usually a drought period— and, it must be added, a rigorous programme of medication to prevent a build-up of the nematodes—worms to the layman—which normally thrive in these conditions.

Most other UK farmers have had the same experience and this is illustrated by a comparison of the slaughter figures from January to July for 1979 and 1980. Last year 4.865m sheep and lambs were slaughtered. This year the number is 1.1m higher at 5.966m. This is partly due to a more favourable lambing, but the greatest benefit has come from the season.

Prices have reacted in kind. The average market price for July 1979 was 149.1 pence a kilo but for July 1980 it was 135 pence per kilo. Since July it has fallen rapidly reaching a probable nadir in the 4th week of August of 108.7 pence per kilo.

No deficiency payment was being paid in July, 1979, as the price was well above the standard price of 136p. In July, 1980, the deficiency payment averaged 15.1p and in the August week mentioned amounted to 42p or between £6 and £10 per lamb sold.

During August it is probable that the cost to the Treasury of deficiency payment averaged about £2m a week, and it will continue at a high figure for some time to come. The standard price for lambs on which the deficiency payment is calculated varies throughout the year being at its highest in the Spring.

For the present the standard price is 150.7p a kilo and this should last until the end of October after which there is a steady increase until it peaks at 172p per kilo at the end of March 1981. These standard prices are supported by the British Government and are 11 per cent higher than they were for the previous 12 months.

But on October 1 the new EEC regime is confidently expected to come into being, at least by Mr. Peter Walker, the British Agriculture Minister. British farmers are more sceptical, hence the heavy marketings.

The regime would have the effect of raising the standard price by an immediate 10 per cent to 164p per kilo then rise eventually to 199p per kilo in March 1981, as compared with

the present British maximum of 172p. The essential difference here is that once the regime is in force it will be funded by FEOGA, the EEC farm fund, and not by the UK Government.

An interesting point is that under the new scheme the lowest point of the guarantee will last for just one week in October, while under the present arrangements it lasts from July to early November, the period of the heaviest marketings in the UK. This will be a big improvement for British farmers. (See graph.)

However, the scheduled starting date of October 1, is by no means a certainty. Ostensibly the reason is that the importing countries have not yet agreed on arrangements for controlling their imports into the Community. The main supplier, New Zealand, is believed to be ready to restrict imports in return for a halving of the present levy of 20 per cent. But Australia, some east European countries, and others have not yet agreed.

The French too are having some second thoughts mainly because their producers are dissatisfied at the intervention levels they have been offered. Intervention will be the method of support in the rest of the Community.

French farmers fear that British exporters will be able to flood the EEC market with lambs which have earned a deficiency payment. To counter this the regime has a provision that sheep-meat exports would suffer a clawback equal to the deficiency payment.

This is complicated. Not all sheep are exported in the week in which they earn the deficiency payment.

New Zealand and other interests are worried that world markets, say the Middle East, will be flooded with frozen lambs out of Intervention. It is also feared that UK lamb could become competitive with NZ lambs in the same markets, thanks to the deficiency payments.

Officially there is no guidance as to the French government's attitude, but the best information I have been able to gain from French sources in the past few days can be summarised as follows:

October 1 is unlikely as a starting date for applying the new regime. The earliest would be January 1 when marketings are at their lowest. French farmers would now view a deficiency payment system much more favourably and that the alteration of the scheme to fit this would take a long time.

The French Government is unlikely to do anything that would upset farmers before the elections, hence a postponement to January when the change would have the least effect. But on the longer term there are signs that the French are developing a much harder line all round on the advantages they draw from the CAP. In particular there is a growing awareness of its cost to France. And the new sheep regime could be very costly.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange following the Phelps Dodge force majeure. Having opened at £890 forward metal fell away to £884 in the Rings, reflecting the firmness of sterling. A flurry of hedge buying in the second Ring prompted a recovery to around £890 but renewed selling in the early afternoon saw three months back down to £885. In the afternoon Rings news of the 70 per cent force majeure from Phelps Dodge encouraged a wave of buying which pushed forward metal over £900 prior to a close on the late Kerb of £900.5. Turnover: 22,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	860.5-6	+1.25	869-70	—2
3 months	888-.5	+6.0	892.5-3.5	+.75
Settlem't	866	+1	—	
Cathodes				
Cash	837-8	+3	844-5	+1.5
3 months	861-2	+3	868-0	+2
Settlem't	838	+5	—	.....
U.S. Prod	.....	.....	*99-97	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £865, 64, 64.5, 65, 65.5, three months £886, 86.5, 87, 86.5, 85, 86, 87, 88. Cathodes: Cash £838, three months untraded. Kerb: Wirebars, three months £888, 89, 88.5, 88, 87. Cathodes untraded. Afternoon: Wirebars, cash untraded, three months £885, 86, 85, 90, 81, 01.5, 92, 92.5, 93. Cathodes: Cash untraded, three months £868, 68. Kerb: Wirebars, three months £900, 899, 98, 97, 96, 98, 97, 99, 900, 01, 900. Cathodes: untraded.

TIN—Easier. Forward metal opened at £7,380 but fell away to £7,330, reflecting the strength of sterling, bull liquidation and hedge selling. In the afternoon the price moved ahead in sympathy with other metals and touched £7,370 before closing the late Kerb at £7,380. Turnover: 390 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7870-80	—10	7870-85	—17.5
3 months	7330-5	+5	7345-50	—9
Settlem't	7280	—10	—	.....
Standard				
Cash	7870-80	—10	7270-85	—17.5
3 months	7330-5	+5	7345-50	—9
Settlem't	7280	—10	—	.....
Straits. E.	$$2235	+14	—	.....
New York	—			

Morning: Standard, Cash £7,275, three months £7,360, 50, 40, 30. High Grade all untraded. Kerb: Standard, three months £7,330. High Grade untraded. Afternoon: Standard, Cash untraded, three months £7,330, 35, 40. High Grade all untraded. Kerb: Standard, three months £7,360. High Grade untraded.

LEAD—Moved up in late trading along with copper. Forward metal opened the pre-market at £382 but met hedge selling which depressed the price to £377, with the contango widening to over £18.5 on talk of a rise in warehouse stocks. However, in the afternoon the price advanced strongly in the wake of copper to touch £385 before ending the late Kerb at £384. Turnover: 8,425 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	3a9-3	—4.75	563-4	—4
3 months	378-.5	—4.5	370.5-80	—5.75
S'ment	353	—4.5	—	.....
U.S. Spot	—	.....	*48-44	.....

Morning: Cash £364, 62.5, three months £380, 79.5, 80, 79, 78, 78.5. Kerb: Three months £379, 78.5. Afternoon: Cash untraded, three months £377, 78, 79, 80, 79.5. Kerb: Cash £369, three months £383, 84.

ZINC—Marginally easier in quiet trading with forward metal easing to £336.5 in the morning on lack of interest before rallying to close the afternoon at £339.0 reflecting the late gains in lead and copper. Turnover: 7,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	381.5-.70	—5.07	324-5	—4
3 months	337-.5	—5.07	338-.5	—3.5
S'ment	361.75	—8.25	—	.....
Primw'ts	—	.....	*37.25	—

Morning: Cash £321.5, 21, 21.5, three months £340, 38, 37, 36.5. Kerb: Three months £337, 38. Afternoon: Cash untraded, three months £338, 38.5. Kerb: Three months £340.

ALUMINIUM—Fell away on talk of further stock increases. Forward metal opened the day at £706 but thereafter drifted on lack of interest and small-scale selling to close the late Kerb at £702.5. Turnover: 3,700 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	700-1	—7.6	701-3	—4.5
3 months	701-2	—7.75	705-6	—3

Morning: Cash untraded, three months £703, 4, 2, 3, 4, 3, 2, 1. Kerb: Three months £703. Afternoon: Cash £700, three months £705, 6. Kerb: Three months £703.

NICKEL—Held steady throughout the day, prior to closing the afternoon Kerb at £2,830. Turnover: 132 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2790-800	[illegible]	2785-800	[illegible]
3 months	2820-6	—11.5	2825-30	+5

Morning: Cash £2,825. Kerb: Three months £2,820. Afternoon: Cash £2,790, three months £2,820, 30. Kerb: Three months £2,830.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 16.05p an ounce lower for spot delivery in the London bullion market yesterday at 804.50p. [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	804.50p	—16.05	827p	+7
3 months	837.50p	[illegible]	[illegible]	[illegible]
6 months	867.50p	[illegible]	—	
12 months	920.0p	[illegible]	—	

LME—Turnover: 276 (319) lots of 10,000 ozs. [illegible]

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). [illegible]

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 457.5, 458.5, 460.0-457.0, 68; Dec. 467.5, 478.5, 470.0-468.0, 69; March 478.0, 479.0, 482.0-478.0, 99; May 480.5, 482.0, 485.5-481.0, 51; July 483.0, 485.0, 487.3-484.0, 25; Oct. 483.0, 484.0, 487.5-484.0, 12; Dec. 484.0, 486.0, 488.0-484.0, 7; March 490.0, 495.0, untraded. Sales: 331.

COCOA

Cocoa futures were barely steady throughout a featureless day during which trading conditions were thin. Producers remain above current market levels while the majority of consumers still show no inclination to extend cover, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sep.	995-957	—6.0	978-958
Dec.	927-998	—7.0	1005-981
March	1036-38	—5.5	1042-30
May	1055-56	—0.5	1062-50
July	1071-75	—5.5	1080-69
Sept.	1090-80	—5.0	1100-1090
Dec.	1113-15	—4.5	—

Sales: 1,921 (3,700) lots of 10 tonnes.

COFFEE

During an active day prices fluctuated within a £40 range in mixed dealings, reports Drexel Burnham Lambert. Continued selling through the afternoon reflected a technical adjustment to an overbought market but trade buying inspired a minor recovery from the lower levels.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1120-24	—49.5	1137-08
Nov.	1158-85	—38.5	1180-48
January	1181-84	—44.5	1210-1178
March	1181-82	—62.5	1231-1161
May	1805-10	—55.0	1242-1186
July	1089-30	—35.5	1258-30
Sept.	1000-60	—60.0	—

Sales: 4,507 (5,372) lots of 5 tonnes.

ICO Indicator prices for September 10: (U.S. cents per pound). Other Mild Arabicas 132.60 (134.00). Robustas ICA 1976 131.80 (130.75). [illegible]

GRAINS

LONDON GRAIN FUTURES—[illegible]

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	96.40	[illegible]	90.15	[illegible]
Nov.	99.75	[illegible]	95.65	[illegible]
Jan.	104.05	[illegible]	97.70	[illegible]
Mar.	107.85	[illegible]	101.35	[illegible]
May	111.50	[illegible]	103.00	[illegible]
July	113.60	[illegible]	—	

Business done—[illegible]

LONDON GRAINS—[illegible]

HGCA—Locational ex-farm spot prices. [illegible]

RUBBER

The London physical market opened quietly steady, gradually eased during the day, closing on an easier note. Lewis and Peat reported an Job October price for No. 1 RSS in Kuala Lumpur of 311.5 (313.5) cents a kilo and SMR 20 at 273 (275.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Oct.	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apl-Jne	[illegible]	[illegible]	[illegible]

Sales: 346 (581) at 15 tonnes; none at 5 tonnes.

Physical closing prices (buyer) were: Spot 64.00p (same); Oct. 65.00p (65.25p); Nov. 66.00p (66.25p).

SOYABEAN MEAL

The London market opened 50p lower and remained quiet throughout the day. There was waiting until they see the USDA crop figures due out Thursday night before taking any fresh positions, reports T. G. Roddick.

	Yest'rday Close £ per tonne	+ or —	Business Done
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]

Sales: 77 (286) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £313.00 (£313.00) a tonne cif for Sept.-Oct. shipments. [illegible]

No. 4 Con-tract | Yest'day Close | Previous Close | Business Done — £ per tonne: [illegible]

Sales: 15,087 (10,609) lots of 50 tonnes.

No. 3 CONTRACT—[illegible]

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 10: Daily price 32.45 (31.95); 15-day average 31.30 (31.27).

POTATOES

LONDON POTATO FUTURES—[illegible] Turnover: 9 (28) lots of 40 tonnes.

COTTON

LIVERPOOL—No spot or shipment sales were recorded for the third trading day this week, leaving the total at 42 tonnes. [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 11 1980	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1710/1740		$1910/85
Copper			
Cash w'bar	£869.5	—2	£921
3 mths	£892.75	+0.75	£938.75
Cash Cathode	£846	+1.5	£888.5
3 mths	£868.5	+2	£913.5
Gold troy oz	[illegible]	[illegible]	£625.5
Lead Cash	£363.5	—4	£373
3 mths	£379.75	—3.75	£387
Nickel	[illegible]		[illegible]
Freemkt (cif lb)	[illegible]		[illegible]
Platin'm troy oz	[illegible]		[illegible]
Free mkt	[illegible]	[illegible]	[illegible]
Quicksilver	[illegible]		[illegible]
Silver troy oz	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tin Cash	£7,277.5	—17.5	£7,175
3 mths	£7,347.5	[illegible]	£7,177.5
Tungsten	[illegible]		[illegible]
Wolfram 22.04 lb	[illegible]		[illegible]
Zinc cash	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]
Producers	$780		$780
Oils			
Coconut (Phil)	[illegible]		[illegible]
Groundnut	[illegible]		[illegible]
Linseed Crude	[illegible]		[illegible]
Palm Malayan	[illegible]		[illegible]
Seeds			
Copra Philip	[illegible]		[illegible]
Soyabean (U.S.)	[illegible]		[illegible]
Grains			
Barley Futures	[illegible]		[illegible]
Maize			
French No3 Am	[illegible]		[illegible]
Wheat			
No.1 Red Spg	[illegible]		[illegible]
No2 Hard Wint	[illegible]		[illegible]
Eng. Milling	[illegible]		[illegible]
Other commodities			
Cocoa ship't	[illegible]	[illegible]	[illegible]
Future Dec	[illegible]	[illegible]	[illegible]
Coffee Ft Nov	[illegible]	[illegible]	[illegible]
Cotton A.Index	[illegible]	[illegible]	[illegible]
Rubber kilo	[illegible]	[illegible]	[illegible]
Sugar (Raw)	[illegible]		[illegible]
Wool'tps 64s kl	[illegible]		[illegible]

‡ Unquoted. † Oct. u Sept.-Oct. v Nov. x Indicator. § Buyer. ¶ Per 76-lb flask. * Nominal.

NIOES — Manchester: [illegible]

GRIMSBY FISH—[illegible]

MEAT/VEGETABLES

SMITHFIELD—[illegible]

MEAT COMMISSION—[illegible]

COVENT GARDEN—[illegible]

AMERICAN MARKETS

NEW YORK, September 11.

PRECIOUS METALS recovered from early losses and rallied impressively lat large gains on further unsettling news about OPEC sanctions intended for the future. The livestock markets reversed themselves on very light holiday trading. Copper rallied sharply on a force majeure declaration on 70 per cent of September shipments by a major producer. Coffee prices collapsed on commission house liquidation and lack of producer support; cocoa retreated moderately. Short-covering in cotton carried the market sharply higher. The sugar market was strong on Chinese and Polish buying inquiries. Grains and soyabeans advanced moderately on buying from Europe and on evening up ahead of the September crop report, reported Heinold.

Potatoes (round whites)—Nov. 82.8 (93.5), March 130.0-131.5 (131.1), April 150.5-153.0. Sales: 2,255.

Sugar—No. 11: Oct. 33.15-33.30 (33.28), Jan. 35.75 (34.75), March 38.78, May 36.39, July 35.77, Sept. 34.99, Oct. 34.40, Jan. 31.45. Sales: 10,350.

Tin—825.0 (820.0).

CHICAGO, September 11.

Lard—Chicago loose 23.25 (23.00). New York prime steam unavailable.

Live Cattle—Oct. 68.20-68.15 (67.95), Dec. 69.45-69.50 (69.45), Jan. 71.10, Feb. 71.20-71.10, April 73.25-73.35, June 74.40-74.50, Aug. 74.35, Oct. ——, Dec. 74.50.

Pork Bellies — Feb. 68.10-68.35 (69.85), March 67.85-68.05 (69.72), May 69.10, July 69.70, Aug. 68.37.

†Wheat—Sept. 471 (468¾), Dec. 492-491 (490), March 511-510½, May 517½-517, July 512-512½, Sept. 520.

‡‡Maize—Sept. 354½ (352¼), Dec. 358½-358¾ (355¼), March 368-367¼, May 371½-371¼, July 371-371½, Sept. 361-362.

†Soyabeans—Sept. 829 (821), Nov. 846½-848 (843½), Jan. 865-866, March 883-883½, May 890-889½, July 887, Aug. 879½-880, Sept. 858-857, Nov. 842.

Soyabean Oil — Sept. 27.58-27.80 (27.48), Oct. 27.70 (27.61), Dec. 28.25-28.15, Jan. 28.30-28.25, March 28.80-28.65, May 28.85-28.80, July 29.00-28.95, Aug. 28.75-28.80, Sept. 28.70.

||Soyabean Meal—Sept. 240.0 (238.7), Oct. 240.8-241.0 (239.9), Dec. 246.2-246.4, Jan. 248.2-248.5, March 252.0, May 251.5-252.0, July 250.0-251.0, Aug. 246.5, Sept. 243.5.

WINNIPEG, September 11. §Barley—Oct. 136.70 (135.90), Dec. 138.80 (137.30), March 139.60, May 140.10, July 139.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 248.74 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, September 11.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $212, Oct. $211, Nov. $214, Dec. $219, Jan. $225, Feb. $229, March $233. U.S. No. 2 Red Winter, Oct. $204, Nov. $206. U.S. No. 3 Northern Spring, 14 per cent, Sept. $210, Oct. $214.50, Nov. $213.90, Dec. $224.50, Jan. $244, Feb. $248, March $250.

Maize—Afloat $167.50, Sept. $165.50, Oct. $166.50, Nov. $168, Dec. $171.50, Jan.-March $177, April-June $179, July-Sept. $178.

Soyabeans—U.S. Two Yellow Gulfports Sept.-Oct. $332.75, Oct. $335.85, Nov. $337, Dec. $344.50, Jan. $343, Feb. $355, March $356.50, April $359.50, May $380.25 sellers. Argentine afloat $320, Sept. $324.75, Oct. $328.25 sellers.

Soyameal—44 per cent protein U.S. afloat, Sept. $233, Oct. $232.50, Nov.-March $305. Brazil Pellets afloat $295, Sept. $300, Oct. $305, Nov.-March $316.

PARIS, September 11.

Cocoa (FFr per 100 kilos)—Sept. 890-949, Dec. 958-969, March 1000-1009, May 1015-1030, July 1020-1040, Sept. 1035-1070. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 3250-3255, Nov. 3220, Dec. 3365-3368, March 3555-3565, May 3570, July 3525. Sales at call 87.

INDICES

FINANCIAL TIMES

Sept. 10	Sep. 9	Mnth ago	Year ago
289.10	290.81	277.18	289.85

(Base: July 1, 1952=100)

MOODY'S

Sept. 10	Sept. 9	M'nth ago	Year ago
1281.5	1267.0	1244.0	1119.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 10	Sept. 9	Month ago	Year ago
Spot	450.92	447.20	458.54	406.47
F'tur's	473.44	478.34	461.64	411.65

(Average 1924-25-26=100)

REUTERS

Sept. 11	Sept. 10	M'nth ago	Year ago
1745.8	1750.8	1788.8	1589.6

(Base: September 18, 1931=100)

[illegible]

Gilts encounter profit-taking and forced selling but leading equities resist to close slightly higher

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6
Sept. 29	Oct. 9	Oct. 10	Oct. 20

* "New time" dealings may take place from 9 am two business days earlier.

Gilt-edged securities were already vulnerable to selling after the recent upsurge, and the Prime Minister's overnight admission that the Government's economic strategy faced problems aggravated the downturn. Mrs. Thatcher's repeated determination to stick to the present tight monetary policy influenced a recovery in sterling yesterday, but failed to rekindle the stock market optimism created only last Tuesday by Treasury expectations about improved money supply trends later in the year and Gilts settled at the day's lowest.

Anticipating sales from overbought investors, Gilt dealers opened quotations lower and, apart from a reasonable amount of profit-taking, the ensuing business largely represented forced selling by weak holders. An attempted rally in the late afternoon failed to hold and just before the official close the tone eased again to leave longer-dated stocks down a point. Treasury 12¾ per cent fell that much to 98. Short-dated issues performed similarly and closed a maximum of ⅜ lower with some of the selling emanating from Continental sources. The market appeared to be resigned to new Government funding today, possibly in the shape of another medium-dated stock.

Leading shares, for once, resisted the trend set by Gilts. The approaching end of the two-week trading Account was a deterrent to business and leading industrials moved narrowly throughout the session. Dealers considered this a highly commendable performance after the recent advance and new-time buyers began to show interest in the late trade. The result was that the FT 30-share index closed a net 1.2 up at 503.0 after having shown a minor fall at all of the day's previous calculations. Final movements in the leaders rarely exceeded threepence, but Dunlop stood out with a rise of 6 to 80p following a reported revival of overseas buying.

Prudential easier

Demand for Traded options continued to improve, the number of contracts rising to 1,863, compared with Wednesday's 1,790, and last week's daily average of 997. A particularly active business was transacted in BP, which attracted 521 deals, while Lonrho recorded 300.

Prudential lost an early small improvement to close 5 down at 242p following disappointment with the interim statement. Other Life issues reacted in sympathy with Equity and Law, 318p, and Legal and General, 228p, down 4 apiece. Lloyds Brokers were featured by Hogg Robinson which attracted a keen demand and closed 7 to the good at 125p, while Stenhouse added 3 to 88p. Sedgwick were unmoved at 120p following the interim results. With the exception of Eagle Star, a penny better at 257p ahead of next Wednesday's interim results, Composites drifted lower. General Accident eased 2 to 352p as did Phoenix to 306p.

Particularly firm of late in sympathy with the rising gilt market, Discount Houses turned easier yesterday with sentiment not helped by the gloomy interim statement from Allen Harvey and Ross, 15 lower at 395p. Cater Ryder relinquished 10 to 375p and Alexanders shed 5 to 265p. In merchant banks, Guinness Peat moved between extremes of 148p and 143p before finishing a net 2 easier at 145p after the results. Awaiting the interim figures, Schroders put on 8 to 320p, while improvements of 8 and 10 respectively were seen in Arbuthnot Latham, 240p, and Brown Shipley, 400p. Elsewhere, Standard Chartered continued to reflect the good interim results with a fresh rise of 10 to 615p but UDT came on offer at 44p, down 3.

Cornell rise afresh

Lack of investment incentive again precluded any real demand for Breweries and kindred issues. Allied, which announced draft beer price rises on Wednesday, eased a fraction to 85½p. Amalgamated Distilled Products met profit-taking and gave up 2 to 44p, and Luis Gordon shed 3 to 43p.

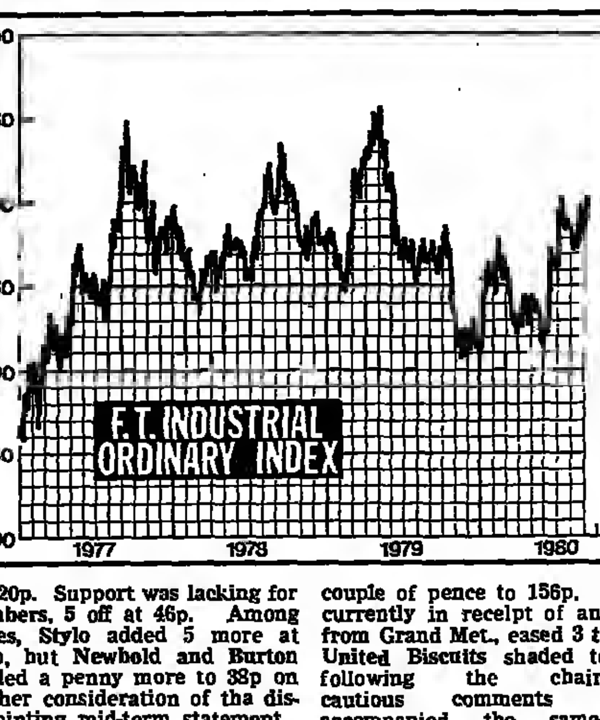
Higgs and Hill reacted to 90p before closing a penny down on balance at 94p following the company's rejection of the conditional bid from BICC. Elsewhere in the Building sector, Newarthill firmed 10 more to 330p, while satisfactory preliminary results left Robert M. Douglas 7 dearer at 71p. Wilson (Connolly) met buyers and put on a similar amount to 113p, while fresh support lifted RMC 3 more to 193p. On the other hand, Benlox at 37p, gave up 5 of the previous day's gain of 9 which followed news of the discussions which may lead to a substantial interest being taken by a third party in the company.

Chemicals trended lower, ICI closing 2 cheaper at 370p and Fisons 5 off at 225p. Leigh Interests, a good market of late, fell 7 to 185p, while speculative interest faded in Allied Colloids, 5 down at 117p.

A shade easier in the early business, Store leaders firmed towards the close and most finished around the overnight positions. Secondary counters were barely tested, although further reflection of Mr. Asil Nadir's interest in the company prompted an active business in Cornell Dresses, 12 up at 88p. Polly Peck, which Mr. Nadir also controls, eased a couple of pence to 120p. Support was lacking for Bambers, 5 off at 46p. Among Shoes, Stylo added 5 more at 135p, but Newbold and Burton shaded a penny more to 38p on further consideration of the disappointing mid-term statement.

Electrical leaders got off to a dull start, but buyers appeared at the lower levels and most quotations ended a few pence firmer on the day. GEC closed 3 higher at 520p, after 513p, and Plessey 4 to the good at 256p, after 250p. Profit-taking was evident in some of the recent high-fliers in secondary issues, Kode reacting 7 to 319p and United Scientific a similar amount to 333p. Electrocomponents gave up 10 to 728p and Unitech 4 to 338p. On the other hand, Dale made fresh progress at 103p, up 3, along with Hawthorn Leslie, 2 harder at 132p.

Engineering leaders were inclined lower in quiet trading, GKN easing 3 to 223p and Tubes 2 to 244p. Elsewhere, Chas. Clifford turned particularly weak at 48p, down 14, on selling in front of today's interim results. Following the chairman's gloomy statement on prospects, Wellman Engineering also came on offer and gave up 5½ to 69p, but demand in an extremely narrow market left ML Holdings 20 up at 370p. Westland encountered further support and put on 4 more to 135p, while other bright spots included United Engineering, 5 to the good at 142p, and Laird, 2 better at 113p.



The chairman's warning of reduced profits from milk sales unsettled Unigate, 7 lower at 106p. Other dairy concerns trended lower in sympathy. Northern dipped 7 to 146p, while Grand Metropolitan, shed a couple of pence to 156p. Coral, currently in receipt of an offer from Grand Met., eased 3 to 91p. United Biscuits shaded to 88p following the chairman's cautious comments which accompanied the same-again interim earnings. The reduced interim loss failed to inspire Taverner Rutledge, 4 off at 20p, while Nurdin and Peacock, at 172p, lost 2 of the previous day's rise of 7 which followed the interim figures. Food majors displayed an irregular appearance. Cadbury Schweppes firmed a couple of pence to 70p, but Associated Dairies, 234p, Tate and Lyle, 156p, and Rowntree Mackintosh, 170p all eased 2; the last-mentioned announces interim results next Thursday.

T and N dip and rally

Although not entirely unexpected, Turner and Newall's decision to cut the interim dividend by a third prompted dealers to mark the shares down to 97p, but consideration of the accompanying half-year profits, above worst estimates, left a close of 105p, down only 2 on balance; market sources also suggest that Barlow Rand remains a possible suitor. Other miscellaneous industrial leaders traded quietly and closed mixed. Still reflecting the poor interim figures, Reckitt and Colman relinquished a couple of pence more to 188p. Pilkington shed 4 to 243p, but BOC hardened 2 to 95p as did Beecham, to 155p. Elsewhere, BTR declined 11 to 363p on revived rights-issue rumours and Hepworth Ceramics lost 5 to 101p on the interim profits setback. Comment on the proposed £5.35m rights-issue took a further 9 from British Vita, at 123p, while Magnolia Group softened 2 to 74p on the reduced first-half earnings. Chubb cheapened 2 to 95p on the company's decision to stop manufacturing cash registers and Thomas Tilling eased 2 more to 158p on further consideration of the disappointing interim results. By way of contrast, Maynards, 138p, and J. Hewitt, 39p, rose 8 and 7 respectively on trading statements, while Bridon touched 71p before closing a penny better at 69p following details of the return to profitability in the first-half year.

Fresh hopes of a bid from far-eastern sources lifted Dunlop 6 to 80p. Other Motor Components, however, trended to lower levels, Dowty easing 3 to 244p and Flight Refuelling 8 to 274p, the latter on profit-taking.

The unchanged Minimum Lending Rate decision made litle impression on Properties which displayed no set trend in thin trading. Big hopes continued to bolster Rush and Tompkins, 3 better at 227p, while M. P. Kent gained 5 to 79p; the latter's results are due next month. Among Hong Kong issues, Asia Land stood out at 80p, up 8, while Hong Kong and Kowloon Wharf ended 10 higher at 191p. The leaders softened on lack of fresh support, Land Securities easing 2 to 391 as did MEPC, to 251p.

Oil leaders quiet

Trading in the Oil leaders was quiet and prices rarely strayed far from overnight levels. Among the speculative exploration issues, Aran rallied 14 to 440p, but Double Eagle gave up 40 to 600p and Warrior 20 to 370p, while Clyde closed 10 cheaper at 520p. KCA closed a penny firmer at 101p following the interim figures.

Trusts made a mixed showing. Globe eased 5 to 141p following the proposal to reduce its holding in Electra, down 4 at 142p, by way of an offer for sale. New Throgmorton Capital, 188p, and Dualvest Capital, 352p, eased 6 and 4 respectively, but Wemyss firmed 5 to 335p and Scottish Cities A hardened 3 to 225p. Among Financials, Akroyd and Smithers were good at 355p, up 19.

In Shippings, P & O Deferred rallied 3 to 125p after the previous day's sharp setback on the interim results.

In Textiles, further consideration of the lower first-half profits clipped 6 more from Montfort (Knitting Mills), 66p, but Yougal, 7p, recovered a penny of the loss of 2 which followed the discouraging interim statement. Call option business helped Bond Street Fabrics, 2 better at 28p, while support was also noted for Harold Ingram, 3 firmer at 21p. Allied added 2 more to 106p, while Dawson International picked up a similar amount at 115p, but George Spencer eased that much to 20p on the interim deficit, while Tern-Consulate dropped 5 to 23p.

Golds turn easier

The recent boom in South African Gold shares came to a halt as a bout of profit-taking, a marginal decline in the bullion price and general lack of fresh buying interest combined to leave prices sharply lower.

The lack of interest reflected the absence of many dealers owing to the Jewish holiday.

The market fell away from the outset and continued to drift lower throughout the day before steadying in the after-hours' trade. Consequently, the Gold Mines index gave up 13.1 to 448.8—its first decline for eight trading days.

Among the heavyweights, "Amgold" were particularly weak and dropped £1¾ to £47¾, while falls of about a point were seen in Western Deep, £26¾, President Steyn, £23¾, and Western Holdings £37¾. Harmony lost ½ to £11 ahead of the dividend announcement. In the medium and lower-priced issues, Zandpan gave up 39 to 622p and Grootvlei 23 to 550p.

South African Financials were marked down in line with Golds. Gencor dipped 25 to 925p, Anglo American Corporation 15 to 745p and De Beers 12 to 478p.

London-based Financials staged a late rally after losing ground early on. Tanks put on 9 to 344p in response to vague bid rumours, while Gold Fields put on 5 to 575p and Charter hardened 3 to a year's high of 250p.

In Central Africans, Coronation Syndicate gave up 30 to 290p following the warning that next year's interim dividend will be restricted. ZCI were supported and rose 2 to 46p following the return to the dividend list.

Australians were mixed. The Rundle twins moved up strongly with Central Pacific £2 ahead at £34¼ and Southern Pacific £1¼ up at £13¼. Gold stocks tended to lose ground with Poseidon 16 cheaper at 296p. North Kalgurli 5 down at 97p and Hill 50 Gold 2 easier at 46p. GMK, however, edged up 5 to a year's high of 480p.

Tins staged a fresh advance following good demand from Kuala Lumpur and Singapore. Malayan Tin featured with a further gain of 13 to a 1980 high of 125p, while rises of 10 were common to Berjuntai, 275p, and Petaling, 335p. Idris moved up 12 to 132p.

Lord Halifax leaves £2.5m

THE Earl of Halifax, the racing peer whose horse Shirley Heights won the 1978 Derby, left estate valued at £2.5m in his will published yesterday.

Lord Halifax, a friend of the Queen and one of Yorkshire's largest landowners, died in March after a major operation, aged 67. After a few small bequests, the bulk of his estate, valued at £2,478,556 gross (£2,432,846 net) has been left to his wife and family.

FINANCIAL TIMES STOCK INDICES

	Sept. 11	Sept. 10	Sept. 9	Sept. 8	Sept. 5	Sept. 4	A year ago
Government Secs	70.78	71.09	71.04	69.65	69.44	68.93	72.75
Fixed Interest	71.86	71.98	70.83	70.57	70.50	70.16	73.14
Industrial Ord.	503.0	501.8	503.9	492.0	494.4	490.8	467.9
Gold Mines	448.8	461.9	454.9	447.5	428.0	410.5	194.8
Ord. Div. Yield	7.30	7.30	7.26	7.45	7.41	7.47	6.99
Earnings, Yld. % (full)	17.23	17.26	17.18	17.53	17.54	17.37	18.10
P/E Ratio (net) (*)	7.07	7.05	7.08	6.90	6.94	7.02	6.77
Total Bargains	22,478	29,742	21,761	20,362	16,731	16,787	14,467
Equity turnover £m.	—	150.87	129.25	100.48	111.72	118.00	67.87
Equity bargains total	—	21,278	16,784	15,106	14,028	13,602	11,411

10 am 501.3. 11 am 501.4. Noon 501.2. 1 pm 500.8. 2 pm 500.8. 3 pm 501.3.
Latest Index 01-246 8026.
*Nil=6.59.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.89 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.9 (9/9)	406.2 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	461.9 (10/9)	265.5 (16/5)	461.2 (10/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 11	Sept. 10
—Daily		
Gilt Edged	113.3	118.2
Industrials	129.9	127.7
Speculative	68.6	99.5
Totals	88.6	91.7
5-day Avrge.		
Gilt Edged	105.6	104.7
Industrials	113.9	107.8
Speculative	79.7	76.0
Totals	80.4	75.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (121)

AMERICANS (8)
BANKS (4)
BEERS (2)
BUILDINGS (6)
DRAPERY & STORES (2)
ELECTRICALS (5)
ENGINEERING (4)
FOODS (5)
HOTELS (2)
INDUSTRIALS (15)
INSURANCE (4)
LEISURE (1)
PAPER (4)
PROPERTY (4)
TEXTILES (1)
TRUSTS (27)
OIL & GAS (2)
OVERSEAS TRADERS (4)
MINES (10)

NEW LOWS (28)

CANADIANS (1)
Massey Ferguson
BEERS (1)
Gordon (L.)
BUILDINGS (1)
Int. Timber
CHEMICALS (1)
BASF AG
STORES (1)
Steinberg
ENGINEERING (5)
Amal. Power, Brockhouse, Clifford (Ch.), Ductile Steels, Johnson & Firth Brown
FOODS (1)
Unigate
INDUSTRIALS (12)
Alpine Hldgs., Assoc. Sprayers, Booker McConnell, British Vita, Hawkins & Tipson, Hollis Brothers, Johnson & Barnes, Longton Industrial, Magnolia Group, Rank Organisation, Sparrow (G. W.), Watson (R. K.)
LEISURE (1)
Tom Hill
SHOES (1)
Newbold & Burton
TEXTILES (2)
Spencer (G.), Tern-Consulate
TRUSTS (1)
Lamont Hldgs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	77	18
Corpns. Dom. and Foreign Bonds	3	27	41
Industrials	200	276	918
Financial and Prop.	71	176	288
Oils	12	16	26
Plantations	2	3	19
Mines	44	63	50
Others	43	50	69
Totals	375	684	1,389

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Sept. 11, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Sept. 10 Index No.	Tues., Sept. 9 Index No.	Mon., Sept. 8 Index No.	Fri., Sept. 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	292.39	−0.2	15.43	5.66	7.82	292.94	291.19	285.80	286.35	244.98
2	Building Materials (28)	257.54	−0.6	17.96	6.63	6.60	258.98	254.89	253.14	253.15	235.75
3	Contracting, Construction (27)	428.90	−0.2	21.67	5.68	5.48	429.75	424.63	422.77	422.38	392.06
4	Electricals (17)	891.90	—	10.84	2.99	11.29	892.06	892.48	861.03	864.94	628.45
5	Engineering Contractors (11)	349.33	+0.2	17.80	7.44	7.09	348.62	346.63	343.69	341.91	338.73
6	Mechanical Engineering (72)	186.38	−0.1	15.90	7.13	7.67	186.65	185.45	182.91	183.19	167.44
8	Metals and Metal Forming (16)	167.73	−0.3	21.00	10.02	5.69	168.31	167.33	166.87	167.09	159.68
11	CONSUMER GOODS (DURABLE) (49)	252.74	−0.2	14.82	4.98	9.27	253.25	252.34	247.43	248.67	238.86
12	Lt. Electronics, Radio, TV (14)	390.70	−0.5	12.38	3.54	12.36	392.58	390.90	382.86	384.68	342.78
13	Household Goods (14)	88.91	−0.1	27.06	11.06	4.66	89.00	89.00	89.24	89.16	145.93
14	Motors and Distributors (21)	103.23	+0.8	21.42	9.10	5.37	102.41	102.24	100.23	100.94	111.32
21	CONSUMER GOODS (NON DURABLES) (172)	246.81	−0.4	16.75	6.55	7.21	247.79	246.50	243.11	243.31	238.38
22	Breweries (14)	295.82	−0.3	15.37	6.23	7.60	296.63	295.21	290.65	291.09	289.06
23	Wines and Spirits (5)	335.21	−9.2	18.24	6.08	6.48	335.99	338.01	333.88	330.33	333.20
24	Entertainment, Catering (17)	345.77	−0.6	16.76	6.47	7.35	347.75	346.45	339.31	337.55	310.02
25	Food Manufacturers (22)	222.97	−0.9	18.14	6.78	6.49	225.05	223.95	222.60	223.31	210.04
26	Food Retailing (13)	395.88	−0.1	11.84	3.93	10.05	396.41	390.00	385.95	387.27	307.69
32	Newspapers, Publishing (12)	435.69	+0.2	21.97	7.23	6.09	434.81	433.23	434.09	431.84	425.42
33	Packaging and Paper (15)	129.99	−9.4	27.19	10.07	4.28	130.50	129.73	127.36	128.82	130.62
34	Stores (45)	244.99	−0.2	12.69	5.13	10.27	245.47	245.09	241.08	241.30	239.56
35	Textiles (21)	119.50	−0.7	26.22	12.88	4.65	120.29	119.72	119.42	119.77	155.59
36	Tobaccos (3)	238.81	−0.4	24.03	9.75	4.73	239.69	235.16	230.71	230.71	243.38
37	Toys and Games (5)	25.58	—	8.79	14.90	26.31	25.58	25.58	25.78	25.78	71.41
41	OTHER GROUPS (99)	227.71	−0.3	15.59	6.86	7.69	228.41	229.12	226.82	227.59	206.04
42	Chemicals (16)	320.23	−0.7	17.17	7.59	6.83	322.60	321.42	316.45	315.85	288.31
43	Pharmaceutical Products (7)	236.74	+0.7	10.64	5.85	11.62	235.19	237.33	231.76	234.23	227.93
44	Office Equipment (6)	105.16	−9.7	19.54	7.89	5.98	105.93	105.53	105.68	107.35	121.89
45	Shipping (10)	599.17	+0.4	12.73	5.94	9.59	596.85	615.60	606.02	608.28	462.71
46	Miscellaneous (60)	279.97	−0.5	16.57	6.67	7.34	281.24	281.83	282.33	283.15	243.79
49	INDUSTRIAL GROUP (491)	261.93	−0.3	15.99	6.26	7.60	262.73	261.82	257.98	258.50	239.55
51	Oils (9)	806.26	—	29.96	6.56	3.71	806.08	806.63	799.56	801.24	634.86
59	500 SHARE INDEX	305.12	−0.2	18.86	6.32	6.26	305.85	305.85	300.95	301.56	271.71
61	FINANCIAL GROUP (118)	249.04	−0.4	—	5.20	—	249.95	246.32	240.70	241.27	193.49
62	Banks (6)	250.20	−0.2	40.84	6.72	2.93	250.69	247.25	241.94	241.94	222.05
63	Discount Houses (10)	293.62	−1.4	—	6.04	—	297.80	296.99	286.67	286.36	257.27
64	Hire Purchase (5)	230.71	−1.0	10.76	4.37	12.55	233.14	224.91	223.01	223.78	171.40
65	Insurance (Life) (10)	248.31	−1.2	—	5.14	—	251.41	243.72	240.65	241.26	162.58
66	Insurance (Composite) (9)	176.39	−0.4	—	6.39	—	177.14	176.82	170.53	171.15	126.33
67	Insurance Brokers (9)	322.56	+0.4	14.36	7.15	9.54	321.19	314.12	316.07	318.58	277.78
68	Merchant Banks (12)	147.19	+0.5	—	4.83	—	146.45	141.50	140.36	141.67	102.55
69	Property (45)	467.00	−0.6	3.04	2.52	45.82	469.71	463.41	453.23	453.25	365.26
70	Miscellaneous (12)	155.18	+1.1	15.23	5.98	8.33	153.45	151.43	145.85	147.05	123.62
71	Investment Trusts (109)	273.60	−0.8	—	5.32	—	275.76	270.05	269.77	270.22	215.23
81	Mining Finance (3)	257.26	+0.8	11.68	4.07	10.31	255.24	251.98	253.97	248.36	128.68
91	Overseas Traders (20)	441.36	—	11.39	6.69	10.58	441.29	434.40	432.19	433.25	343.54
99	ALL-SHARE INDEX (750)	294.71	−0.3	—	5.99	—	295.48	293.54	289.52	289.93	249.73

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Sept. 11	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.35	−0.28	—	7.62
2	5-15 years	113.04	−0.60	—	8.81
3	Over 15 years	119.34	−0.70	—	9.56
4	Irredeemables	132.46	−0.28	—	9.02
5	All stocks	112.67	−0.53	—	8.55

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., Sept. 11	Wed., Sept. 10	Year ago (approx.)
1	Low Coupons	5 years	11.61	11.54	10.22
2		15 years	11.60	11.53	10.69
3		25 years	11.60	11.53	11.16
4	Medium Coupons	5 years	13.02	12.86	12.14
5		15 years	13.08	12.97	12.25
6		25 years	12.87	12.77	12.36
7	High Coupons	5 years	13.16	13.00	12.56
8		15 years	13.42	13.30	12.74
9		25 years	13.05	12.93	12.63
10	Irredeemables		11.14	11.10	10.92

		Thurs., Sept. 11 Index No.	Thurs., Sept. 11 Yield %	Wed. Sept. 10	Tues. Sept. 9	Mon. Sept. 8	Friday Sept. 5	Thur. Sept. 4	Wed. Sept. 3	Tues. Sept. 2	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.26	†13.91	53.28	52.96	52.91	53.71	52.70	53.31	53.26	58.32
16	Investment Trust Prefs. (15)	51.33	13.17	51.28	51.28	51.37	50.54	50.50	50.09	50.09	51.46
17	Coml. and Indl. Prefs. (20)	68.12	13.12	67.91	67.75	67.88	67.50	67.54	67.88	67.85	71.19

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Turner & Newall	£1	8	105	− 8	142	90
GEC	25p	7	520	+ 3	525	326
P & O Defd.	£1	7	125	+ 3	136	105
European Ferries	25p	6	188	− 2	192	98
Racal Electronics	25p	6	333	—	336	175
Anglo-Am. Corp.	R0.10	5	745	−15	760	485
Blue Circle 'New'	Nil/pd.	8	52pm	—	52pm	44pm
BP	25p	5	360	—	412	320
Cadbury Sch'pes.	25p	5	70	+ 2	70	54
Cornell Dresses	5p	5	88	+12	88	10½
De Beers Defd.	R0.05	5	478	−12	553	368
ICI	£1	5	370	− 2	402	348
Kode Intl.	25p	5	319	− 7	328	196
NatWest Bank	£1	5	397	− 3	400	305
Tilling (Thomas)	20p	5	158	− 2	180	102

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29
Oct. 6	Oct. 17	Jan. 8	Jan. 19

For rate indications see end of Share Information Service

Call options were arranged in P & O Deferred, Bond Street Fabrics, Brooks Watson, CRA, North Kalgurli, Myson, Town and City Properties, National Carbonising, Premier Oil, FNFC, Laganvale Estates, Allied Colloids, British Land, Higgs and Hill, Leslie Gold and Lonrho. A put was struck in Weir Group, but no doubles were reported.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	F.P.	—	260	210	Brint Invs.	255	......	—	—	—	—
[illegible]	F.P.	—	360	338	BP Restricted Trans.	352	−2	17.5	4.7	7.0	3.4
[illegible]60	F.P.	—	115	91	††Baker Electronics 10p	103	......	b3.85	2.0	5.1	11.4
68	F.P.	8/9	90	72	Charterh'se Petrol'm	86	......	b1.02	4.0	1.8	18.7
[illegible]38½	F.P.	—	100	70	Energy Capital (12½p)	78	......	—	—	—	—
160	F.P.	—	153	133	††Marinex 10p	138	−2	—	—	—	—
[illegible]101	F.P.	—	78	67	††Rolfe & Noland 10p	71	......	‡1.0	3.6	2.0	20.1
[illegible]	F.P.	—	71	56	†Shackleton Petrol	58	......	—	—	—	—
[illegible]07	F.P.	—	85	73	††Utd. Electronic 20p	78	−2	b1.57	2.2	2.8	22.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price	+ or −
[illegible]	F.P.	23/7	124	109½	British Home Stores 8% Cnv. Ln. '92	115	−1
[illegible]	F.P.	10/10	110p	107p	Foseco Minsep 8½% Cnv Red Cum 2nd Prf	110p	......
[illegible]	F.P.	10/10	106	102	Do 10% Conv Uns Ln 1995	105	......
[illegible]	F.P.	30/10	28½	27	Newcastle & Gateshead Water 8½% RdP	28½	......
[illegible]	F.P.	28/11	102	100	Outwich 10% Pref.	102	+1
[illegible]	F.P.	8/8	105½	101½	South Staff. Water 8¾% Rd. Pf. '85	102xd	......
[illegible]	F.P.	29/8	104	100¼	Sunderl'd & S.Shields Wtr 9½% Rd.Prf.1985	101xd	......
[illegible]	F.P.	22/10	105p	97p	Tebbitt 7% Con. Cum. Red. Pref.	99p	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date □	1980 High	1980 Low	Stock	Closing Price p	+ or −
300	Nil	28/9	17/10	52pm	44pm	Blue Circle	52pm	......
92	F.P.	30/7	12/9	141	125	Coalite	140	......
13	F.P.	22/8	19/9	36	24½	Derritron	34	......
30	Nil	—	—	7½pm	3pm	Laganvale Estates 10p	7pm	−½
120	F.P.	15/8	28/9	158	144	McKay Secs.	157	......
280	F.P.	5/9	14/11	300	286	Mercantile House	300	......
14	F.P.	5/8	6/10	19	16	Moorgate Mercantile	12	......
15	Nil	19/9	10/10	3pm	2pm	Spencer Gears	2pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds International Mgmt. S.A.

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Mangmt. (Jersey) Ltd.

RBC Investment Managers Limited

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Save & Prosper International

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Seafry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

Surinvest Trust Managers Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

van Cutsem & Associates Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd. (a)(z)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

MarzLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Family Assurance Society

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia/Schlesinger

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mngt. Ltd. Inv. Advisers

Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (C.I.) Ltd.

Gartmore Fund Managers (Far East) Ltd.

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¼	99¼	Exchequer 13pc 1980‡‡	99⅞	......	13.08	13.23
99⅝	96¾	Treasury 11½pc 1981‡‡	99	......	11.62	14.16
96⅛	90⅞	Treasury 3½pc 1979-81	96	−½	3.64	13.32
98⅛	93⅜	Treasury 9¾pc 1981‡‡	93xd	−⅛	9.94	13.76
96¾	91¼	Exch. 8¼pc 1981	96¼	−⅛	8.57	13.56
96⅞	92¼	Exch. 9½pc 1981	96½	−½	9.81	13.41
94	85½	Exch. 3pc 1981	93⅞	−⅛	3.19	9.97
99⅛	96½	Treas. Variable '81§§	98¼	......	13.45	16.06
99⅞	95⅞	Exch. 12¾pc 1981‡‡	99⅝	−¼	12.79	12.96
95⅛	88½	Treas. 8½pc '80-82‡‡	95⅛	−¼	0.93	12.47
91½	82½	Treasury 3pc '82‡‡	91½	−½	3.28	9.58
102⅝	96⅝	Treasury 14pc '82‡‡	102¼xd	−⅛	13.71	12.50
98⅞	94¼	Treas. Variable '82§§	97⅞	−⅛	15.63	16.80
93⅛	86⅛	Treasury 8¾pc '82	92¾	−½	8.89	12.82
93¾	86⅝	Exch. 9¼pc 1982	93⅜xd	−¼	9.90	13.09
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	88xd	......	6.23	14.11
85¾	72½	Do. 6pc 1981-83	84	......	7.28	12.84
67	58	N.Z. 7¼pc 1988-92	65½	......	11.22	13.37
81½	72	Do. 7½pc '83-86	80¾	−¼	9.62	12.74
96¾	88	Sth. Africa 9½pc '79-81	96¼	......	10.23	16.49
160	95	S. Rhod. 2½pc Non-Ass.	100	......	—	28.91
169	133	Do. 6pc '78-81 N.-As.	146	+1	—	27.20

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	62¾	......	8.04	12.18
83½	73½	Alcan 10½pc '89-94	82½	+½	14.58	15.55
29¾	25	Met. Wtr. 3pc 'B'	29	−⅛	10.36	12.39
104	89	U.S.M.C. 9pc 1982	104	......	0.87	—
92	85½	Do. without Warnts.	91	−½	10.21	14.00

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	98⅝	......	13.18	16.36
101½	93½	Do. 14pc '83	100½	......	13.93	13.76
88	79½	FFI(UK Fn)5½pcDb. '80-2	87xd	......	6.32	12.95
82½	71½	Do. 6¼pcDb. '81-84	80½	......	7.99	13.20
92	80½	Do. 10½pc Uns.Ln. '86	91	......	11.79	13.50
91½	77	Do. 11pc Uns.Ln. '88	91	......	12.37	13.10
93½	82	Do. 11¾pc Uns.Ln. '90	92½	......	13.02	13.60
101	84½	Do. 12½pc Un. Ln. 1992	93xd	−½	13.44	13.70
66½	56	Do. 7¼pcADeb. '89-92	64½	......	11.67	13.70
66½	51½	Do. 7¼pcADeb. '91-94	60½xd	......	11.98	13.60
76½	64½	Do. 9pc 'A' '91-94	71½xd	......	12.58	13.60
71½	61	Do. 8⅞pcLn. '92-97	69½	......	12.95	13.60

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	70	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796

Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: Setanta Hse., Kildare St., Dublin 2. Telex: 747111 Tel: 779801 ext. 249

Edinburgh: 37 George Street, EH2 2HN Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex: 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-10, Lisbon 2. Telex: 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's Hse., Queen St., M2 5HT Telex: 666813 Tel: 061-834 9381

Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625

Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Telex: 220044 Tel: 297 2000

Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358 Tel: 241 2920

Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381

Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300

Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044. Telex: 220044 Tel: 297 2000

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East

For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London, Frankfurt, New York and Paris

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	142	......	—	—	—
97	52	Barymin	60	......	—	—	—
17	12	Burma Mines 10p	13½	......	0.62	1.1	6.6
257	53	Colby Res. Corp.	257	......	—	—	—
502	285	Cons. Murch. 10c.	350	......	M0100c	1.8	16.4
180	80	††Hemerdon 10c.	80	......	—	—	—
585	325	Northgate C$1	480	+20	—	—	—
405	327	R.T.Z.	478	+3	15.0	3.2	4.5
33	16	Robert Mines	28	+1	—	—	—
112	91	††SPO Minerals 10p	94	......	—	—	—
58	26	Sabina Inds. C$1	43	+1	—	—	—
51	31	††SWCM 10p	40	–1	—	—	—
650	411	Tara Exptn. $1	555	–10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH	
Albany Inv. 20p	35	......	Conv. 9% '80/82	£93⅝	......
Bertam	15	......	Nat. 9¾% 84/89	£82¼	–⅛
Bdg'wtr. Est. 50p	450	......	Fin. 13% 97/02	£91⅝	–½
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	35	......	Arnott	208	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	71	+1
Graig Ship. £1	£12	......	Clondalkin	120	–2
Higsons Brew.	77	......	Concrete Prods.	88xd	......
Holt (Jos) 25p	260	......	Heiton (Hldgs.)	29	......
I.O.M. Stm. £1	152	......	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	40	–1
Peel Mills	45	......	Jacob	51	......
Sheff. Refrshmt.	102	......	T.M.G.	75	......
Sindall (Wm.)	140	......	Unidare	77	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4		
Barclays Bank	34	Ladbroke	15	**Property**	
Beecham	10	Legal & Gen.	15	Brit. Land	7
Blue Circle	25	Lex Service	8	Cap. Counties	9
Boots	16	Lloyds Bank	24	Land Secs.	24
Bowaters	15	"Lofs"	3½	MEPC	17
B.A.T.	28	London Brick	6	Peachey	13
Brown (J.)	6	Lucas Inds.	17	Samuel Props.	12
Burton 'A'	10	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	8		
Courtaulds	8	Midland Bank	26	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	52
Distillers	17	Nat. West. Bank	27	Burmah Oil	20
Dunlop	7½	P & O Dfd.	10	Charterhall	10
Eagle Star	15	Plessey	14	KCA	11
F.N.F.C.	2¼	Racal Elect.	22	Premier	13
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	38	Rank Org.	15	Tricentrol	40
Glaxo	18	Reed Intnl.	16	Ultramar	35
Grand Met.	12	Sears	5		
G.U.S. 'A'	34	Tesco	6	**Mines**	
Guardian	23	Thorn	23	Charter Cons.	14
G.K.N.	20	Trust Houses	12	Cons. Gold	40
Hawker Sidd	15	Tube Invest.	23	Lonrho	8
House of Fraser	15	Unilever	40	Rio T. Zinc	35
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Friday September 12 1980

French move on UK rebate

BY JOHN WYLES IN BRUSSELS

ANGLO-FRENCH diplomatic hostilities look likely to be as sharp in the autumn as they were in the spring. France launched yesterday an attempt to win powers to block the UK's hard-won rebates from the EEC budget.

There is no suspicion that France is trying to tear up the end of May agreement, which should cut more than £2bn off Britain's EEC budget bill by the end of 1982.

But French officials admit privately that France wants a lever to ensure that the UK will agree to Community farm price rises acceptable to Paris, before the French presidential elections next April.

Under the May agreement, Britain's 1980 rebate of £771m will be released next year, with two-thirds of the money nominally earmarked as Community aid for British public sector spending-programmes.

The British need most of this rebate to be paid before the end of the current financial year next March, and failure to obtain it would be deeply embarrassing for the Government. Only this week the UK Treasury made clear that its expectations of a lower public sector borrowing requirement over the next six months are partly based on prompt receipt of the EEC money.

Exchanges

At a meeting of the Committee of Permanent Representatives here yesterday, the UK signalled that it would bitterly oppose the French bid for veto powers.

The discussion now switches to the first Foreign Ministers Council of the autumn next Monday and Tuesday, when there could be some sharp exchanges on the subject between Lord Carrington, the UK Foreign Secretary, and his French opposite number, M. Jean Francois Poncet.

Yesterday's preliminary skirmish was particularly worrying for the UK because West Germany took broadly the same position as France in insisting that there must be unanimous approval by member states on the release of monies for the UK.

West Germany says its own domestic budgeting could be upset if, as the largest contributor to the EEC budget, it has no powers to control the flow of money to the UK.

The Commission position, supported by the UK, is that all that is needed is a consultation process between member states, which leaves the Commission free to decide the timing and amount of each payment to the UK.

Until the Nine have agreed on a procedure and on the types of programmes qualifying for aid, there can be no passage of a regulation to implement the May agreement. The use of qualified majority voting may be a possible compromise, but it is one which the UK would be reluctant to accept because payments could still be blocked by a coalition of EEC partners.

Other points of tension between Britain and France have also emerged this week because France is blocking possible agreements covering New Zealand butter and lamb exports to the Community. The butter issue will be raised by Lord Carrington next week, and the UK is demanding a special meeting of Farm Ministers to break the deadlock.

● Mrs. Margaret Thatcher in an interview on French television last night repeatedly stressed her desire for friendship and co-operation with France.

"We've been through a great deal together," she said. "We have entente. We must continue to get on together and we must co-operate."

The Prime Minister, who is to visit France next week chided her interviewers for "trying to find differences between us."

Some candid exchanges had taken place over the EEC budget, she said, but these problems were small compared with the common interests of Britain and France.

"We can go ahead together, and it is my purpose that we shall, to our mutual benefit."

Action in docks may be averted

By Pauline Clark

HOPES OF AVERTING a national dock strike over redundant dockers in Liverpool rose yesterday when the National Dock Labour Board told Liverpool employers that any decision not to re-employ the men would be "unacceptable."

Mr. Tom Cronin, national docks secretary in the Transport and General Workers Union, said as he left the national board meeting in London he thought the statement was "a very good sign" that a solution would be found ahead of a national delegate conference of dockers on Monday.

"I think our people will face up to the reality of the situation and will recognise that the board have endeavoured to solve the problem."

Dockers leaders in the TGWU have warned that a docks strike could spread rapidly from next week unless Liverpool port employers agree to re-employ 180 dockers threatened with redundancy.

Liverpool employers have said that they cannot afford to take on any more surplus labour. The dockers fear that the men will be put on the Temporary Unattached Register, which has only been used in the past for disciplinary purposes or short-term redundancy.

Liverpool port employers yesterday convened a special meeting shortly after the national board reached its decision — so bypassing the local dock labour board which would normally channel through decisions taken by the national board.

Mr. James Fitzpatrick, chairman of the Liverpool Port Employers Association and also a member of the National Dock Labour Board, said last night that no conclusion had been reached and a further meeting would take place this morning.

But he said, the Liverpool employers were "mindful of the need to take all steps possible to avoid a national strike." At the same time, however, the employers had grave reservations about how they could carry any extra cost.

Following the Government's agreement on Wednesday to add another £1.8m to its previous £8m loan to British ports, national employers are believed to be considering raising severance pay for dockers.

Mersey Docks and Harbour Company, the biggest employer in Liverpool, already carries 600 dockers on its books for whom there is no work.

THE LEX COLUMN

Turner and Newall retrenches

Turner and Newall's share price wobbled nastily on news of the interim dividend reduction from 4.5p to 3p a share, but pretty soon the market decided that the fall in half-time profits from £18.8m to £12.2m was nothing to be surprised about, and the share price finished only 2p lower at 105p. The UK businesses have continued to be under severe pressure, contributing trading profits of only £9m before exceptional redundancy costs of £5m, and presumably not covering their share of interest charges and central costs totalling £12.8m. Only a recovery on the construction materials side following last year's reorganisation has lightened the gloom here. Still, the overseas interests have held up quite well, recording £12.2m at the trading level against a comparable £14m, and there is also a first time entry of £5.8m in respect of the reclaimed Zimbabwe interests.

No cash can come out of Zimbabwe until next year at the earliest, however, when the group hopes to be able to repatriate half of profits after tax, so the impact is largely cosmetic at this stage. The same applies in terms of the balance sheet, where the consolidation of Zimbabwe has added £97m to net worth which emerges as £322m (against an equity market capitalisation of £114m). Certainly T and N is having to pay very close attention to cash flow, and although net group debt is down £5.5m in the first six months, and should be held steady in the rest of the year, this is only being achieved by dint of £17m of "non-strategic" disposals in January-June with another £7m to come from the sale of the Cassiar stake in the final quarter.

In coming to its dividend decision the Board has no doubt been uncomfortably aware of the possibility that predators are doing their sums and are calculating what a more ruthless approach might achieve at T and N. At least the £5m closure provision will not be repeated in the second half, while initial benefits will be seen from chopping out £15m of annual costs. And the final dividend could be trimmed from 7p to 4.35p, yet still leave the yield at 10 per cent.

Index rose 1.2 to 503.0

Electra

Globe Investment Trust's decision to sell to its shareholders a £31m lump of its shares in Electra Investment Trust comes at a time when the All-Share Index is near its all-time high, when the average discount on investment trust shares has narrowed from around 30 to 22 per cent, and when the small company sector —in which Electra specialises— has become highly fashionable. So there is nothing wrong with its timing. The offer was underwritten yesterday at a discount of about 21½ per cent to net asset value, and since Electra was selling at a discount of only about 15 per cent before the news, there was no shortage of takers.

The arguments in favour of the deal are that Electra had come to represent too large a proportion of Globe's gross assets (about a fifth) and that large cross holdings of this kind are undesirable. Moreover, Electra has gathered quite a following in the stock market, and institutions have complained in the past that the shares have not been sufficiently marketable. A free scrip or rights issue in Electra shares would have been taxed as a distribution.

On the other hand, the sale brings £31m of new cash into a sector which is still too big for its own good, despite its contraction in recent years. And it dilutes Globe's assets by 5 per cent, which will be a straight loss for those of its shareholders who do not take up the offer. The question is whether Electra's portfolio should have been liquidated at market prices, perhaps leaving shareholders with a stake in its unquoted investments. The answer depends on whether one believes that investment trusts still deserve any role in the financial markets.

United Biscuits

With volumes static in its main markets, United Biscuits has produced unchanged pre-tax profits of £16.1m at the halfway stage. Biscuit trading profits have improved slightly, but clearly it has recovered little of the £3½m lost due to industrial action and bad weather in the comparable period in 1979—mainly in the biscuit business. Volume in branded sales has fallen 6 per cent and market share has been squeezed by about ½ a percentage point. However this has been counterbalanced by a 5 per cent gain in own label brands. Elsewhere, fast food profits are down while frozen food remains in loss. The contribution from the recent acquisition, Speciality Brands accounts for much of the increase in trading profits in North America.

Judging by the initial orders, the all-important Christmas trading period should hold up, while the interest charge of £4.3m is set to come down in the second half, following the spring rights issue. So pre-tax profits for the full year may emerge at about £47m, against £43.7m. But this implies a slight decline in earnings per share, which have remained broadly unchanged since 1976. The signs are that, with net debt below 20 per cent of capital employed, the company now aims to soft-pedal on further acquisitions and push up earnings by improving the return on the present fast and frozen food operations. The shares fell 3p yesterday to 87p, to produce a prospective p/e of about 11½, fully taxed, and a yield of about 6½ per cent.

Callaghan repeats call to Thatcher

MR. JAMES CALLAGHAN angrily repeated his demand to Mrs. Margaret Thatcher yesterday for recall of Parliament to debate unemployment and the economy.

His call came as the executive of the National Union of Mineworkers voted to put the union's considerable political weight behind a campaign aimed at forcing the Government to change its policies or resign.

Mr. Callaghan accused the Prime Minister of a "peremptory dismissal" of his first request to reconvene the Commons on September 23.

Even if no policy changes were to be announced, he told Mrs. Thatcher in a further letter, "you should be prepared to listen to what MPs have to report about the deteriorating position in their constituencies, and to consider changes in policy that will be put forward."

The Opposition Leader said that Mrs. Thatcher's arguments that no emergency debate was necessary because Parliament had discussed unemployment in July were unconvincing.

The latest money - supply figures showed an increase far above the Government's targets. "Ministers should tell Parliament what will be the consequences of this gross excess."

Mr. Joe Gormley, the NUM president, said after his executive meeting that its plan was to mobilise the miners, then other trade unions, then the electorate, against the Government.

Liberal conference reports, Page 9

Vauxhall's Luton workers vote to accept 8% pay increase

BY PAULINE CLARK, LABOUR STAFF

MORE THAN 7,000 hourly paid workers at the Vauxhall motor company plant in Luton voted by almost two to one in a secret ballot yesterday to accept a pay offer of 8 per cent.

This is seen as a further indication of car workers' reluctance this year to become involved in a pay confrontation in the face of widespread short-time working and recession in the motor industry.

But, the way ahead for pay negotiations in Vauxhall, planned to start in Coventry today, remains unclear because of last week's vote at a mass meeting by Ellesmere Port workers to reject the offer.

Vauxhall was confronted with an 11-week strike last year when its Ellesmere Port workers fought a 17 per cent package in spite of the offer being accepted in Luton and Dunstable.

Transport and General Workers' Union convenors at Ellesmere Port, the company's biggest plant, said yesterday that there was strong feeling that the offer was not high enough.

Union leaders at the plant reiterated their disapproval of plant-by-plant voting.

Yesterday's 64.5 per cent vote by Luton in favour of acceptance follows a 56.5 per cent vote to accept in another secret ballot earlier this week of 4,500 workers at the company's Dunstable truck and van plant.

These were the first secret ballots to be held on pay in the history of negotiations with the 23,000 Vauxhall workforce.

The narrow result at Dunstable coupled with the low turnout at the Ellesmere Port mass meeting—only 500 out of 3,000 turned up—can only increase the negotiators' difficulties in the TGWU and the Amalgamated Union of Engineering Workers when they formally meet employers for first time today.

The company says that after a £31m loss last year and the slump in car sales there are no funds to improve the offer.

The offer includes an 8 per cent increase on basic pay and extra holidays which are said to bring the value of the total package to 9.5 per cent.

Shell claim includes a BL car, Page 9

Strikes at Fiat's Italian plants

BY RUPERT CORNWELL IN ROME

WORKERS AT Fiat plants throughout Italy staged three hours of protest strikes and meetings yesterday following the breakdown of talks between the car group and unions on proposals to lay off 24,000 workers for 18 months.

The company confirmed it had set in motion the 25-day procedure for redundancy notices to be sent to 14,303 workers in its car and steel divisions.

The measures will mainly affect the plants in and around Turin and not those in the South of Italy.

The collapse of negotiations on Wednesday evening has created a tense atmosphere in the city. According to company estimates 75 per cent of the workforce joined the stoppages and may decide on further action at the beginning of next week.

It is now up to the Italian Government to try to find a way of reconciling the sides though hardline statements yesterday from both gave little grounds for hope.

Sig. Franco Foschi, Labour Minister, held preliminary talks with a union delegation and later with Sig. Cesare Romiti, Fiat's managing director in Rome yesterday, following his remarks last night that redundancies should be avoided at all costs.

Fiat last night insisted that other employment was available in Turin. It again rejected union proposals for early retirement and a shorter period of lay-offs as inadequate to cope with the company's difficulties.

Meanwhile the first suggestions from the Industry Ministry special working group examining the difficulties of Italian car manufacturers are expected to be made public at the end of this month.

The wave of unrest at Fiat is, however, having little effect on the price of the company's shares. On the Milan bourse last night, the price stood at L2,045 against L1,689 a month ago, an increase in part at least attributable to insistent talk of a major fundraising operation by the company.

Italy faces autumn of unrest, Page 7

Continued from Page 1

BL loss

account of the high cost of the transfer of the Rover body operations to Cowley and the move of TR7 assembly to Solihull in the first half, as well as the closure of the Abingdon MG plant and the ending of car assembly at Canley.

In addition to redundancy costs, BL Cars' sales performance in the UK so far has been below target. Against the expected 22 to 23 per cent, its market share in the first eight months was only 17.3 per cent —and some of this was gained because of expensive "cut price" offers.

While exports have held up in unit terms, sales have been won at the cost of severely reduced margins of profit, the only way BL could cope with the strength of sterling compared with other major trading currencies.

Sir Michael is expected to comment today on the size of the interest payments BL is being forced to endure because of the high cost of the money which it borrows at commercial rates.

Energy saving

Continued from Page 1

$1.6bn to $4bn was unsatisfactory.

Communist countries could also provide more development aid, he said. There was a clear discrepancy between the Communist bloc's political presence and economic strength and its development policy achievements.

The recent suggestion of the World Bank that a world energy bank should be set up, an institution perhaps with OPEC participation, was an interesting one, said Dr. Christians.

However, throughout the energy conference, which ends today, OPEC representatives have refrained from committing themselves to supporting the world energy bank idea.

Mr. Abdulhady Hassan Taher, Saudi Arabian Minister of State and governor of Petromin, the Saudi energy corporation denied that OPEC had provided insufficient development aid.

In terms of member-countries' national income, OPEC was providing a higher proportion than the developed world, he said. It was in the West's interest to help the Third World countries "help themselves." This would stimulate international trade in industrial goods.

Mr. Taher criticised countries that had implemented big oil stock-building policies. Their action had added "many, many dollars" to the price of oil.

● The European Investment Bank, the EEC's long-term finance institution, is lending a total of £24m to two British companies toward cost of industrial development to boost manufacturing output and safeguard jobs.

The British Aluminium company is to receive £16m to help finance rebuilding of a smelting plant at Lochaber, Inverness-shire.

The other £8m goes to BICC Cables for reorganising and modernising facilities for manufacturing cables at several factories in North-West England.

Weather

UK TODAY

SHOWERS, windy and rather cool.

London, S., S.E., E. and N. England

Blustery showers, sunny intervals. Max. 18C. (64F.).

S.W. England, S. Wales, Channel Isles

Showers, sunny intervals, gales on exposed coasts and hills. Max. 16C. (61F.).

N. Wales, N. and N.W. England, I. of Man, S. and C. Scotland, N. Ireland

Rain, strong winds. Max. 15C. (59F.).

N.E. England, E. Scotland

Rain, brief sunny intervals, strong winds. Max. 17C. (63F.).

N.E. and N.W. Scotland, Orkney, Shetland

Outbreaks of rain. Max. 12C. (54F.).

Outlook: Unsettled, cool and windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Lisbon	S	29	84
Algiers	S	27	81	Locarno	S	21	70
Amsdm.	S	18	64	London	C	19	66
Athens	S	28	82	Luxmbg.	C	14	57
Bahrain	S	34	93	Luxor	S	36	97
Barclna.	S	25	77	Madrid	S	27	81
Beirut	S	28	82	Malaga	S	26	79
Belfast	R	13	55	Malta	S	28	82
Belgrd.	S	19	66	Mchstr.	R	15	59
Berlin	R	15	59	Melbne.	F	19	66
Biarritz	S	23	73	Milan	S	22	72
Bmghm.	R	15	59	M'ntreal	C	13	55
Blackp'l	R	13	59	Moscow	C	23	73
Bordx.	C	22	72	Munich	R	12	54
Boulgn.	C	15	61	Nairobi	F	25	79
Bristol	C	16	61	Naples	S	24	75
Brussels	R	15	59	Nwcstl.	R	14	57
Budpst.	R	14	57	N. York	S	17	63
Cairo	S	30	86	Nice	S	23	73
Cardiff	C	16	61	Oporto	S	25	77
Csblca.	S	28	82	Oslo	C	15	59
Cape T.	C	16	61	Paris	C	19	66
Cologne	C	16	61	Perth	F	15	59
Corfu	R	25	77	Prague	C	16	61
Dublin	R	15	59	Rykjvk.	C	8	48
Dbrvnk.	S	22	72	Rhodes	S	27	81
Ednbgh.	C	14	57	Rome	S	24	75
Faro	S	27	81	Salzb'rg	R	13	55
Florence	S	25	77	Singpr.	F	31	88
Frankf't	C	17	63	Stckhm.	R	15	59
Funchal	F	25	77	Strasb'g	C	17	63
Geneva	C	19	66	Sydney	S	24	75
Gibrltr.	S	26	79	Tangier	S	31	73
Glasgow	R	13	55	Tehran	S	30	86
G'nsey	F	17	63	Tel Aviv	S	27	81
Helsinki	C	15	59	Tenerife	C	20	68
H. Kong	S	30	86	Tokyo	C	30	86
Innsbrk.	C	17	63	Tunis	F	27	81
Invrnss.	C	13	55	Valencia	S	28	82
Istanbul	S	23	73	Venice	S	20	68
Jersey	F	18	66	Vienna	C	18	64
Jo'burg	F	19	66	Warsaw	R	12	54
L. Plms.	R	22	72	Zurich	F	16	61

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Major changes proposed for Lloyd's Bill

BY JOHN MOORE

LLOYD'S of London is to make major changes to its plans for improved self-regulation in the Lloyd's market.

They follow widespread criticism in Lloyd's of a report prepared by Sir Henry Fisher and a working party, which forms the basis of the planned legislation.

Details of the proposed changes to the private Parliamentary Bill which will set up the new self-regulatory structure have been given by Mr. Peter Green, Lloyd's chairman, in a letter to the chairman of all Lloyd's associations, representing all sections of the insurance market.

The key point is a new clause to the Bill which will give Lloyd's membership the power to veto a by-law of regulation proposed by the new Lloyd's council. This is to be set up under the Fisher plan.

Under the Fisher recommendations, the 25-member council would have wider statutory and regulatory powers than the existing 16-strong ruling Lloyd's committee, taking over the rule-making powers of Lloyd's 18,552 private members.

The Fisher committee said in the draft legislation it prepared that "it was no longer practical or expedient for ultimate control" of Lloyd's to rest with the members at a general meeting.

This week the brokers sought to amend the Bill so that the private membership retains "longstop" powers over the Council. They said any new Act for Lloyd's should include a mechanism for ultimate ratification of the Council's by-law changes to rest with the membership.

Many sections of Lloyd's felt the proposed council's powers would be too absolute. Now Lloyd's is adding a clause to the Bill providing that a meeting of members might be called by 5 per cent of the members.

"Such a meeting will have the power to veto a bylaw or regulation," Mr. Green said.

"For the veto to operate, it will be necessary both for the majority of those voting in person or by proxy to be in favour of the repeal and also those voting to repeal should be at least one-third of the total membership of the society."

The total of 928 members required for a meeting with power of veto to be called is a larger number than many sections of the market had suggested.

In another major change, a new provision in the Bill will say that underwriting membership of Lloyd's cannot be terminated solely by reason of a member being unable to meet financial requirements imposed since his election to Lloyd's.

But the member would be required to reduce or even cease his underwriting.

The question of the divestment of the underwriting links of the major brokers is to be left until the Lloyd's Council is formed.

Replies from more than 10,000 members to a Lloyd's questionnaire show that more than 98 per cent of the membership favours a new Act of Parliament. A general meeting of members is to be called for November 4 in the Albert Hall.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.